

## COUNCIL MEETING

JULY 11, 2018

The Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Mel Rapozo at the Council Chambers, 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Wednesday, July 11, 2018 at 9:07 a.m., after which the following Members answered the call of the roll:

Honorable Arthur Brun  
Honorable Mason K. Chock  
Honorable Ross Kagawa  
Honorable Arryl Kaneshiro  
Honorable Derek S.K. Kawakami (*present at 9:08 a.m.*)  
Honorable JoAnn A. Yukimura  
Honorable Mel Rapozo

Council Chair Rapozo: Councilmember Kawakami is here, he is just right outside.

### APPROVAL OF AGENDA.

Councilmember Yukimura moved for approval of the agenda, as circulated, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: We have someone wishing to testify on this, so with that, I will suspend the rules.

There being no objections, the rules were suspended to take public testimony.

ANA MO DES: Good morning Council. *Mahalo* for allowing me to testify of the approval of the agenda for two (2) items that are going to discussed on the floor today.

*(Councilmember Kawakami was noted as present.)*

Council Chair Rapozo: Let me just stop you real quick—this item is the approval of the agenda, so if you have an issue with an agenda item, we will take that up. If it is about matters on the agenda, then we will take it up after before we get into the business. Do you have a question on the agenda itself?

Ms. Mo Des: For the Resolution to pass the affordable housing...

Council Chair Rapozo: Did you want to testify on that matter?

Ms. Mo Des: I need to go and care for my child that is not well, so it is an emergency situation and I am asking for your consideration to allow me...

Council Chair Rapozo: That is no problem, but this is not the item to do that. When we get passed the minutes before we get to the Consent Calendar, I will ask if there is anyone in the audience that needs to leave that cannot testify on any matter, then we will allow them to testify.

Ms. Mo Des: I misunderstood the procedure. I apologize.  
Thank you.

Council Chair Rapozo: You are welcome. With that, is there any other discussion on the agenda?

There being no further testimony, the meeting was called back to order, and proceeded as follows:

The motion for approval of the agenda, as circulated, was then put, and unanimously carried.

Council Chair Rapozo: Next item, please.

MINUTES of the following meetings of the Council:

May 30, 2018 Council Meeting  
June 27, 2018 Council Meeting  
June 27, 2018 Public Hearing re: Resolution No. 2018-23 and Bill No. 2712

Councilmember Kagawa moved to approve the Minutes as circulated, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Is there any discussion? Public testimony?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion to approve the Minutes as circulated was then put, and unanimously carried.

Council Chair Rapozo: Before we get to the Consent Calendar, I know that Councilmember Yukimura sent out an E-mail asking anyone that wanted to testify that could not stay and needed to testify early to request that and obviously, we are going to let that happen. So if there is anyone that cannot stay for the meeting and wants to testify on any item, this would be your opportunity. If there is anyone, we will go ahead and accept that testimony at this time. The rules are suspended.

There being no objections, the rules were suspended to take public testimony.

Councilmember Kagawa: She said she had two (2) items.

Council Chair Rapozo: Correct. I know she said she had an emergency and has to leave, so we will accommodate whatever item.

Ms. Mo Des: Thank you for allowing me to speak in the morning before the agenda item comes to pass. My name is Ana Mo Des and I am here to testify on the Resolution to pass onto the Charter, the decision for the people to decide whether or not we would like three percent (3%) of the General Fund to go towards affordable housing. In my personal opinion of the matter, I feel that it is only fair, given that we are under an extreme amount of pressure to alleviate the symptoms we see from not being able to have affordable housing at our disposal. Since the taxes were raised in the Visitor Destination Areas (VDAs), there is going to be more funding for the General Fund that will allow for this allocation to happen without much pain in the budgeting process, one would hope. I understand that each of you as individuals know how dire and desperate affordable housing on this island is. If your platform includes homelessness, this is something that will allow for the homelessness to not exponentially increase. I do not believe this is the solution to all of the ailments that we are noticing as a society on the island, but at this juncture, this is entirely necessary in order to have any future that is something that we can sustain being that we are a rural Kaua'i with many blue-collar workers that need to be able to afford and provide a good life for their families, working extremely hard five (5), six (6), or seven (7) days a week. If the consideration is that at some future date this is no longer necessary, this three percent (3%) allocation for affordable housing, I believe that we have the power to change that. I do feel that government should not be exponentially supplying what is necessary for all of the people they are governing, but since this is a situation that needs emergency help, I feel that it is only fair to place this in the hands of the people to decide for themselves for the same reasons that you all placed the decision to take away term limits on the Charter. Let the people decide. It should not be decided on this floor; it should be decided by the people that are paying the taxes, which I am very grateful to all of those who contribute in that way.

Council Chair Rapozo: You can just continue on the next item that you wanted to testify on.

Ms. Mo Des: Thank you. For the bus, in this same context, we do work five (5), six (6), or seven (7) days a week and it is only just for the bus to operate on the weekends the same hours that they operate on the weekdays. Even if it is not something that is feasible right now with the resources, the resources are coming in order to assist in what we need as a community, paying the higher rate in the taxes to bring in this income to allow for transportation, roads, and all of that, since we do need this help, not everyone has spoken so extensively on it. I understand the streamlining and the efforts that are going on to be efficient and effective, but this is extremely necessary for all of the island, whether we drive our cars or we ride the bus. We all see how important this decision is to allow for the extension of the bus schedule to include the weekend hours just as they include the weekday hours.

We work here and it is not just the only reason; it would also assist with tourism and so many other reasons. Please understand the situation that everyone feels very importantly in the community, that this is a huge step forward into what we really need to provide a fair experience on this island, no matter what income level we are at. I appreciate allowing more time for this. Thank you.

Council Chair Rapozo: Thank you very much. Is there anyone else that needs to testify on an item, but cannot stay for the rest of the day?

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Ken Rainforth.

Council Chair Rapozo: Mr. Rainforth.

KEN RAINFORTH: Good morning. *Aloha*. Please approve the proposed County of Kaua'i Resolution No. 2018-23, relating to a ballot question to be put before the electorate to earmark three percent (3%) of the County's real property tax revenue for affordable housing. As a thirty-year veteran of the Kaua'i County Housing Agency, I participated in the development of over five thousand (5,000) affordable housing units on Kaua'i. About half of those units were privately developed by for-profit developers to satisfy affordable housing requirements. The other half were developed in partnership with nonprofit housing developers and joint venture with the State of Hawai'i or solely by the Housing Agency. Without the availability of capital, none of the affordable housing developed outside of those required per zoning would have been built. The traditional sources of that capital, namely Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds received through the Department of Housing and Urban Development (HUD), State loans, Federal low-income housing tax credits, and the Pakui Disaster Funds are either significantly less or depleted. Without a dependable and known source of income, the Housing Agency will not be able to participate in affordable housing development. The Housing Agency has shown they are capable of the task, a proven record, but without resources, very little affordable housing will be produced. The proposed income stream is necessary for them to succeed. Thank you for this opportunity to present my opinion. There are two (2) points that I would also like to stress, that the Resolution before you later today is not to approve funding; it is to approve this going to the people to vote whether or not they want this or not. I think it is important to see what the electorate has to say. Second and most important, this would establish a known, predictable income source, which is really important in order to plan effectively and take advantage of opportunities that may come before the Housing Agency. I ask you to consider approving this Resolution. I think it is very important. Thank you.

Council Chair Rapozo: Thank you, Ken. Councilmember Kagawa.

Councilmember Kagawa: Ken, how long have you been with the Housing Agency?

Mr. Rainforth: I started in August 1979 and I retired in August 2009.



Councilmember Kagawa: Did you folks ever propose something like this in all of those years?

Mr. Rainforth: No, but...

Councilmember Kagawa: Thank you.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: So you did not propose it because I think, as you indicated, that there were other sources of money.

Mr. Rainforth: I could not hear you.

Councilmember Yukimura: I am sorry.

Councilmember Kagawa: I asked him the question, not you,  
Councilmember Yukimura.

Council Chair Rapozo: Hold on...

Councilmember Kagawa: He answered it already.

Councilmember Yukimura: I can ask a follow-up question.

Council Chair Rapozo: Councilmember Yukimura, go ahead.

Councilmember Yukimura: Ken, I think Councilmember Kagawa's question was why did you not, during the time in office, propose this amendment, and...

Mr. Rainforth: Can I have a few minutes to answer the question?

Councilmember Yukimura: Of course.

Council Chair Rapozo: Go ahead.

Mr. Rainforth: At the time when I left and from around...

Council Chair Rapozo: Let me interrupt real quick, because I am going to consider you a resource person, simply because of your experience in the Housing Agency, so go ahead and answer the question.

Councilmember Yukimura: Thank you.

Mr. Rainforth: After Hurricane 'Iniki, the County received forty-one million dollars (\$41,000,000) of disaster funds. That was a huge, huge inflow of available funds. The Housing Agency utilized those funds and leveraged

them to build thousands of units. As I understand, those funds have been depleted. In the two (2) or three (3) years I spent working with Councilmember Yukimura on her Affordable Housing Advisory Committee, staff can testify that we had many heated discussions because a lot of her ideas required money and I kept telling her that you have to have a source of income, a known source, that you can depend on in order to do any of these things for housing. Does that answer the question?

Councilmember Yukimura: Yes. Thank you.

Council Chair Rapozo: Thank you very much.

Councilmember Yukimura: If I may, Council Chair Rapozo, and it follows-up on you allowing him to be a resource person—you said that you participated in the development of over five thousand (5,000) affordable units. I know you were saying that to establish your experience, but I also see that as an immense contribution to this community and I just want to thank you for that service, because your leadership over the years, that continuity that just recently Conrad Murashige told me is so important to have in the Housing Agency, that continuity and expertise was so critical in the housing that has been developed today. There are thousands of families that are benefiting from that, so I just want to say “thank you.”

Mr. Rainforth: Thank you.

Council Chair Rapozo: Thank you, Ken. Councilmember Kagawa.

Councilmember Kagawa: Ken, in a normal process over the years that you managed the Housing Agency and you saw an opportunity to improve some type of housing opportunity, did you come to the Councils at that time to ask for funding in money bills or in the budget presentations?

Mr. Rainforth: Yes, we did.

Councilmember Kagawa: So that is an appropriate time to ask for support of the legislative side to support your housing initiatives, right? The budget process or the bimonthly Council Meetings is the appropriate time to ask for moneys to support any housing initiative that you have at any time and that is when the legislative side can say “yes” or “no,” right?

Mr. Rainforth: Yes, you can, but the problem with that is you are dealing with different players and other outside forces, like having a hurricane, a recession, or other things that can prevent you from ever getting funds from the Council in those times of crisis.

Council Chair Rapozo: I will have a follow-up on that. I think for some of us, that is the concern is when it is locked into the Charter, in times of disaster or in times of a crisis, we cannot undo that. Again, it is just a matter of opinion that should something happen, you will not have access to those funds to take care of the emergency and it will take an election to change it versus an ordinance. Having you here because you have the experience in housing, I think, is critical and

I do not want to debate. I just want to have you here as a resource for questions so we can pick your brain, but feel free to respond.

Mr. Rainforth: With a crisis, those are times when you already want funding with the Housing Agency and not have to start a process. It seems to me that the proposal has a lot of merit and having to come project by project to get funding for an idea is not an ideal situation.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: Ken...

Mr. Rainforth: It is unpredictable. If someone comes to the Housing Agency with a great idea and it can happen if the County can put in twenty-five percent (25%) of the cost of it to make it work, but you have to go to the County Council to approve the moneys, go to the Mayor to get him to let you ask for the money, and depending on the Council at the time, you may or may not get it. That is different than having a fund already approved or you need to simply come here and get the Council's approval to move ahead. The funds are already there.

Councilmember Kagawa: He is looking at me, so I want to respond.

Council Chair Rapozo: Go ahead.

Councilmember Kagawa: Ken, that is the problem with government as a whole; it is unpredictable. Salaries are unpredictable, retirement funding is unpredictable. Every year, we get new surprises and every budget of why something went up in the millions. That is why our Federal government is twenty trillion dollars (\$20,000,000,000,000) in deficit; that is why our state government is thirteen billion dollars (\$13,000,000,000) in deficit; and that is why this County is broke. Everything is unpredictable. In a perfect world, it would be great to have millions and millions saved in housing, but all facets of government are unpredictable and struggling. It is just the way it is. If I had a silver bullet to correct all of the wrongs with all facets of government, yes, I would agree with you, but we do not. The proof is in the pudding.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: Is Councilmember Kagawa not talking about what the earmark would remove the unpredictability of it?

Mr. Rainforth: Pardon me?

Councilmember Yukimura: Is Councilmember Kagawa not agreeing with what the problem is with government...would that not be removed by an earmark or at least mitigate it?

Mr. Rainforth: I think so.

Councilmember Yukimura: I have another question...

Council Chair Rapozo: He answered the question.

Councilmember Yukimura: I have another question.

Council Chair Rapozo: So does Councilmember Kawakami.

Councilmember Yukimura: Okay. Ken, in the time of disaster, like Hurricane 'Iniki, was there not a huge need for housing moneys, a huge need for temporary shelter, as well as permanent shelter? So, it is logical that we would have some moneys right away in time of disaster. It is not a detriment, it is actually a plus, right?

Mr. Rainforth: It would be great to have available funds and know more were coming. If you had projects already in the pipeline to be funded, you can make decisions to delay those and apply them to the current emergency.

Councilmember Yukimura: Would having a source of money help in negotiations with developers. For example, as you know, we would like to buy the Courtyard at Waipouli because of the expiration of the affordability, which is next year. So would having money available not be a way that would give us credibility in negotiating?

Mr. Rainforth: Always. If you do not have your own money and you are just talking with developers and with the Federal and State governments, you are not a player. If you have money to put in the pot, you are always much more credible. That is the case.

Councilmember Yukimura: Thank you.

Council Chair Rapozo: Councilmember Kawakami.

Councilmember Kawakami: Thank you, Council Chair Rapozo. Mr. Rainforth, thank you for your service to this island and for all of the affordable housing that you brought online. I had a pleasure working with you during my first term and that is when you had Lima Ola Workforce Housing Development and those other projects pop up. During your thirty (30) years—and it sort of touches on Councilmember Kagawa's question about all of these other unintended consequences that we are faced with—every year, we are faced with unfunded mandates being handed down by the State. We are losing sources of revenue from the State. Currently, they are proposing a surcharge on our taxing authority on property tax to help fund some of their initiatives and their responsibilities. My question boils down to, and I really appreciate your expertise with housing, but during your thirty (30) years, when you look at the budget, are you looking at the budget from the Housing Director's standpoint or do you look at the budget from a broader scale to see how all the other moving parts fit into the role of County government in general, the bigger picture? That question is important. I think the merit of funding affordable housing stands on its own. We should fund it. This past budget, we did fund it and we had to

raise property taxes. Councilmember Chock and the Council had a difference in opinion as to what that funding mechanism should be and we actually came up with a compromise to put two million seven hundred thousand dollars (\$2,700,000). So my question is, are you taking into account all of the other essential services and unknowns that the County is responsible for?

Mr. Rainforth: I have never been in a position to understand all of the budget issues that you have before you, but I do think more broadly than just what the Housing Agency needs. I am prejudice because I believe that affordable housing, housing our citizens, should always be a priority and other programs may have to suffer because of funding affordable housing.

Councilmember Kawakami: Could you tell us what programs should suffer to fully fund this? It is about over a four million dollar (\$4,000,000) take from somewhere. We went through the budget and we did not come close to cutting four million dollars (\$4,000,000), but we did raise four million dollars (\$4,000,000) by revenue enhancement.

Mr. Rainforth: I do not have the expertise to assist you at this time.

Councilmember Kawakami: But you do have the expertise to tell us the other components that need to be in line to get affordable housing, like land acquisition. Could you go down the list of things that make housing affordable besides just the funding itself?

Mr. Rainforth: Besides what?

Councilmember Kawakami: Besides just money, what else has to fall in place for affordable housing to get off of the ground?

Mr. Rainforth: Well, to make housing affordable for Kaua'i's people, it has to be subsidized. You can get the subsidy from low-income housing tax credits, CDBG, HOME funds, and any money that the County has to put into it. Just as a rule of thumb right now, you need to subsidize about fifty percent (50%) of the cost of any dwelling unit to make it affordable for our people. It has to come from somewhere. The three percent (3%) earmark from the real property tax would not be the majority in most projects, but the subsidy of the other sources.

Councilmember Kawakami: What about infrastructure and land acquisition? What are other ways that we can work towards getting housing to that price point that is affordable?

Mr. Rainforth: When I started in the Housing Agency, infrastructure was never an issue. We had great roads, water, electricity, sewers, and everything worked. Now, infrastructure is always the skeleton in the closet. You look for sites where you minimize the cost of bringing in the necessary infrastructure. If it is too expensive, you look for another site.

Councilmember Kawakami: Thank you.

Council Chair Rapozo: Councilmember Kaneshiro.

Councilmember Kaneshiro: I think Councilmember Kawakami's line of questioning pretty much hit the nail on the head for me as far as everyone can talk about one side of the equation, which is do we want money for affordable housing? How much money do we want to allocate? Yes, that is fine and great. I think everyone wants to do that. But the other side of the question is where is that money going to come from and I think a lot of people do not understand those ramifications. So I think my question to you is do you think it is fair to let the public vote on this as far as allocating money into the budget for housing?

Mr. Rainforth: I know there is no free lunch. Somebody gets hurt if the electorate approves this and some programs are going to be cut or taxes have to be raised, but if the electorate wants to do this, why not? Do you not want to listen to the people?

Councilmember Kaneshiro: Again, do you think they have the understanding of the budget to know what the ramifications are of passing something like this?

Mr. Rainforth: Well, I would think that opponents of the Charter Amendment would make it known in the newspaper of what the ramifications are and let the people choose.

Councilmember Kaneshiro: Again, four million dollars (\$4,000,000), you have been in the County for a long time, and you do not know where that four million dollars (\$4,000,000) is going to come from. How do you expect the public to know what those ramifications are?

Mr. Rainforth: I am sorry, I cannot answer that.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: Well, you do not have to answer it because the answer is that there is four million dollars (\$4,000,000) that is not allocated for anything in the next year's budget. That is right, the increase in Vacation Rental taxes and Residential Investor class will create four million dollars (\$4,000,000). We allocated the four million dollars (\$4,000,000) from this year's budget, but next year, it is unallocated. So there is actually no use for it right now, but you bet there will be all kinds of uses for it if we do not allocate it for housing.

Council Chair Rapozo: Like salary increases, collective bargaining increases, and retirement increases.

Councilmember Kaneshiro: Yes, I think that assumption is that there are no changes in any expenses.

Council Chair Rapozo: Yes, it is a flat budget. We will have an opportunity as a Council...I just want to save this time to utilize Mr. Rainforth.

Councilmember Yukimura: But there are no existing costs that are going to be transferred to that four million dollars (\$4,000,000) right now, unless we approve collective bargaining.

Council Chair Rapozo: Councilmember Yukimura, we are going to have the chance to have the discussion when we get to the item.

Councilmember Yukimura: I know, but the question is not a fair question because it is not even allocated. There is no allocation to the four million dollars (\$4,000,000) that is being generated.

Council Chair Rapozo: Are there any more questions for Mr. Rainforth?

Councilmember Yukimura: Yes, I do have.

Council Chair Rapozo: Questions?

Councilmember Yukimura: Yes. Let us see...I am trying to remember what my question was. I am sorry, I cannot remember.

Council Chair Rapozo: Thank you, Mr. Rainforth.

Mr. Rainforth: Thank you. This was fun.

Council Chair Rapozo: We do miss you in the Housing Agency.

Councilmember Yukimura: And I hope we will listen to you.

Council Chair Rapozo: Anyone else? This is for people that have to leave and cannot stay.

LARRY GRAFF: My name is Larry Graff. I am a homeless outreach worker on the island of Kaua'i. I am here today to speak in favor of Resolution No. 2018-23 to set aside three percent (3%) of real property taxes for affordable housing. I have thirty (30) years of experience in homeless services and affordable housing. I noticed that the needs spoke to raising eighty million dollars (\$80,000,000) when the actual need is over one billion dollars (\$1,000,000,000) over the next twenty (20) years to develop affordable housing. The proposal to put this Resolution in front of the electorate is vitally important, not as a main mechanism to fund affordable housing, but is to get financing. Low-income housing tax credits receive extra points when local participation is included in the project. It is vitally necessary to gain those points for affordable housing to be developed. I know the Council is concerned about predictability and incomes. I can tell you one thing as a person who is out there on the street every day, and I will be leaving here to help some homeless people, that the one thing that is predictable is that there will be

homeless people who need affordable housing. There will be local residents and working families with two (2) parents working who live at Lydgate Park, with no housing. The one thing that is predictable is the continued need for affordable housing and there will be continued homelessness on the island that can only be addressed by creating funding opportunities and a variety of different kinds of affordable housing, supportive housing, deeply affordable housing at thirty percent (30%) of income is vitally necessary for the continued sustainability of the population of Kaua'i and the people who live here. Basically, I just would encourage you to support the passage of this Resolution to allow the people to voice their opinion. In terms of an informed electorate, I would say that is the basis of a democracy, is a well-informed electorate, giving the people of Kaua'i the opportunity to make the decisions for themselves and trusting that they will be an informed electorate and that people on both sides of the issue will have a chance to inform them is also a part of that. Thank you very much for the opportunity to speak today. Best of luck with your vote.

Council Chair Rapozo: Thank you very much. Is there anyone that needs to leave and cannot stay for the discussion? Seeing none, I will call the meeting back to order. Can we get to the Consent Calendar, please?

There being no further testimony, the meeting was called back to order, and proceeded as follows:

#### CONSENT CALENDAR:

C 2018-148 Communication (06/18/2018) from the Director of Finance, transmitting for Council information, the Period 9 Financial Reports – Statement of Revenues, Statement of Expenditures and Encumbrances, Revenue Report, and Detail Budget Report as of March 31, 2018, pursuant to Section 21 of Ordinance No. B-2017-821, relating to the Operating Budget of the County of Kaua'i for Fiscal Year 2017-2018: Councilmember Chock moved to receive C 2018-148 for the record, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Is there any discussion or public testimony?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion to receive C 2018-148 for the record was then put, and unanimously carried.

Council Chair Rapozo: Motion carried. Next item.

#### COMMUNICATIONS:

C 2018-149 Communication (06/12/2018) from Councilmember Yukimura, transmitting for Council consideration, a Proposed Draft Supplemental Money Bill to



amend Ordinance No. B-2018-841, as amended, relating to the Operating Budget of the County of Kaua'i, State of Hawai'i, for the Fiscal Year July 1, 2018 through June 30, 2019, by revising the amounts estimated in the G.E. Tax Fund, for increased weekend bus service starting January 2019: Councilmember Chock moved to receive C 2018-149 for the record, seconded by Councilmember Kaneshiro.

Council Chair Rapozo:

Any discussion? Councilmember Yukimura.

Councilmember Yukimura: I just want to remind the Council that I had said during our budget sessions that after we got input from the Administration about their need to do the route-cutting and efficiency study and learn that it will be completed by the end of the year, that I wanted to introduce an amendment during the budget session, but by then it was too late based on our budget procedures. I said that I would wait until the new budget, so that is this follow-up to that budget process.

Council Chair Rapozo: Okay. I am quite interested in hearing from the Transportation Agency when we get to the item, because I heard it very clear from them during the last discussion that they were not ready. I am not going to have that discussion here, we will just wait for the item to come up. Any other discussion or public testimony? I will suspend the rules. Whatever comments that you have for the communication will be applied to the Bill as well, so just utilize this time for your testimony on the Bill. This is for Proposed Draft Bill (No. 2714).

There being no objections, the rules were suspended to take public testimony.

LONNIE SYKOS: For the record, Lonnie Sykos. I am not opposed to increasing bus service per se, but I do have serious questions about if we are simply giving the Transportation Agency a lump sum of money, and then we will see what we get out of it. Before we give them a penny, I want to know what the impact is going to be on maintenance and repair. I have listened for years that we do not have the capacity to do maintenance and repair on our current fleet. So we are going to increase the wear-and-tear on the vehicles, but how are we going to take care of them? Likewise, we are going to increase the demand on our bus drivers. So are we going to have to hire new positions? How are we going to distribute the workload amongst the current workforce? What impact is this going to have on overtime versus straight time? My point in all of this is how much of this money is going to go to basically administrative costs versus actually supplying the service on the streets? I am very much looking forward to hearing the Transportation Agency talk because it does not make any sense to me. We have not made a decision about what we are going to do about baseyards or what to do about increasing our repair and maintenance capacity. We have the cart in front of the horse right now. It is a great idea, but we are not prepared to do this from my perspective at this time. Thank you.

Council Chair Rapozo:

Thank you. Anyone else? Mr. Hart.

BRUCE HART: For the record, Bruce Hart. I understand that we are talking about the weekend bus service. It says here, "This bill proposes to reduce the appropriation in the General Excise (GE) tax fund for the Department of Public Works' Roads Administration, Other Services Account, Islandwide

Resurfacing/Road and Bridge Repairs.” So what it is saying, as I read it, is that you want to take four hundred seventy-five thousand dollars (\$475,000) from the GE tax fund that is supposed to go to islandwide resurfacing/road and bridge repair, and give it to the Transportation Agency to fund weekend bus service. No—I am not against weekend bus service, but I am against taking this money out the GE tax fund and giving it to the bus service when it is intended for repairing the roads. One of the biggest complaints that I hear about the bus is that it is late due to traffic congestion. At least repairing the roads will help some with traffic congestion. I am just in general not in favor of taking moneys that were allocated during the budgetary time for resurfacing and then just switching them and giving it to weekend service. Thank you.

Council Chair Rapozo:

Anyone else?

BRIDGET HAMMERQUIST: My name is Bridget Hammerquist and I think it is important for everyone listening and people in the room, and I know you all know it...you are sitting there...but the GE tax increase was dedicated for land transportation, which includes the bus. There is twenty-five million dollars (\$25,000,000) a year in new revenue; four hundred seventy-five thousand dollars (\$475,000) to add weekend and holiday bus service to equate to the weekday service is a minimum pittance needed to give people who have no transportation, the ability to get to and from work and to get young people off the streets from hitchhiking that are now hitchhiking. It is a pittance and you should be ashamed of yourselves if you do not consider it. I am sorry, but I am angry on behalf of the all the people and I have given a lot of young people a lot of rides. I am really angry that this is so misused and misinformed for the public. That gentleman should have been told that the GE tax was for land transportation, which includes the bus. It is not just for roads. Thank you.

Council Chair Rapozo:

Anyone else?

EILEEN KECHLOIAN: My name is Eileen Kechloian. One of the other things that was missing that the fellow did not understand or did not include in his testimony was the fact that more people riding the bus equals less traffic on the roads, so less wear-and-tear on the roads. So it does help with just the roads situation, with just paving the roads to have more people in one vehicle versus twelve (12) vehicles or forty (40) vehicles. Thank you.

Council Chair Rapozo: Anyone else? Seeing none, I will call the meeting back to order. Councilmember Kagawa.

There being no further testimony, the meeting was called back to order and proceeded as follows:

Councilmember Kagawa:

Are we doing discussion now?

Council Chair Rapozo: If you choose to. We are on the Communication if you want to have the discussion.

Councilmember Kagawa: I will go now.

Council Chair Rapozo: I am going to ask that we have the discussion in the Communication and when we get to the Bill, we just vote. I do not want to spend a lot of time...we can do the discussion here or we can wait for the Bill.

Councilmember Kagawa: I want to go now since it is being talked about. During the budget, we heard from the Transportation Agency. The report is still not received by the Council from the consultant. There were many questions of the consultant to analyze the bus and its efficiencies and inefficiencies. I heard a lot of complaints that these routes are very empty; for these other routes, we do not have enough; and there are not enough buses to load all of the people and are overcrowded. So we asked the consultant to work with our Transportation Agency to determine and try to get us more efficient. There are also significant problems with our current system with finding drivers. We have a generous plan with the County. We have forty-two (42) days off a year: twenty-one (21) vacation and twenty-one (21) sick leave. Imagine a Transportation Agency trying to manage these buses as people call in sick or take vacation on a last-minute basis, and to add more service knowing that we had these problems and we have not even received the report yet from the consultant as far as, "Hey, maybe we can cut these routes and save some money here, but maybe we need to expand these routes, because these routes have more demand." Let us operate the bus as efficiently as we can before we start adding. That has always been the discussions we have had with the Transportation Agency and the consultant. They said, "We are going to try and get things right." We hear about empty buses and we hear about inefficiencies of carrying paratransit, many of whom are perfectly healthy, and they get door-to-door pick up service on thirty-passenger bus. How can that be efficient? Yes, I think that we do need more service on the weekends, but before you expand, you have to make sure your current system is efficient.

Ms. Hammerquist: They said it would be by the end of December...

Councilmember Kagawa: Bridget, you had your time to talk.

Council Chair Rapozo: Councilmember Kagawa...hold on...

Ms. Hammerquist: She did say...

Council Chair Rapozo: Hang on, first of all...

Councilmember Kagawa: What is she doing?

Council Chair Rapozo: First of all, the comments should be directed to the Chair and for the audience, please do not...

Councilmember Kagawa: She needs to just be quiet.

Council Chair Rapozo: Hang on.

Councilmember Kagawa: That is polite. I was quiet when she was talking.

Council Chair Rapozo: We are going to take a five-minute recess.

There being no objections, the meeting recessed at 9:51 a.m.

The meeting reconvened at 10:02 a.m., and proceeded as follows:

Council Chair Rapozo: Let me just make a really quick announcement before we proceed. Today is a long day and we have some heavy-duty items on today's agenda. I do not want to go through the day calling recesses all of the time, so I am just going to ask and encourage the Members of the Council to direct your comments to the Chair, which is what should be done, and to the audience, please hold back your comments unless you are recognized as a speaker. Otherwise, today is just going to be an ugly day. So let us do this diplomatically. Councilmembers, we are the leaders here, so just focus on the discussion at-hand. Again, direct your comments to the Chair and I would expect the same courtesy from the audience. With that, let us continue. We are on the communication and we still have the Bill to discuss later. Any comments that are made during the Communication obviously will be transferred over to the Bill so that we do not have to repeat ourselves. Councilmember Kagawa.

Councilmember Kagawa: Again, I left off saying that we are waiting for the consultant and the Transportation Agency to come back to us and give us some solutions for their current system as to how they can be more efficient and meet the demands of the public as most efficiently as we can. There are overtime problems and a lot of problems that need attention before we expand, and I have always said that from day one. As far as the twenty-five million dollars (\$25,000,000), it was a combination of roads and transportation. It did not mean that we are going to make transportation larger, even though we have not determined how efficient it was. I think the Council is going to expand transportation if it meets demand, but it needs to be efficient first. We are waiting for that and they are currently working on that. The consultant is working on a plan and we need to know how much riders are here and there. If there is only one (1) or two (2) riders waiting on a route from Waimea all the way to Līhu'e, is that efficient for us to have a bus pick up those two (2) people? Of course not. There has to be a demand that meets efficiency. As I talked to people out there, the main concern why I voted for the GE tax was that they wanted to see improved roads. Every time, in the six (6) years that I have been on the Council, I have heard that, "What is happening to my road?" Hanapēpē and Kekaha—you drive through the communities. The roads are horrible. You have grass and sand speedbumps all over the place. The road where I grew up in Hanapēpē Heights has not been paved in about thirty (30) years, I believe, Ali'i and Moi Road. In the town, that road is terrible as well, all over as you go. The Administration always said, "We do not have money," and it sure did not help when the Legislature capped our Transient Accommodations Tax (TAT) six (6) years ago and took away thirty million dollars (\$13,000,000) per year for a total of sixty-five million dollars (\$65,000,000)...well, five (5) years and sixty-five million dollars (\$65,000,000) that we have lost. That is why the GE tax came in...I think they threw out a carrot

and said, "Hey, you folks want to take this GE tax, twenty-five million dollars (\$25,000,000) a year? You will never get that thirteen million dollars (\$13,000,000) back." Then, this Council took it because we are tired of hearing excuses from the Administration about why we are not fixing roads, why we are not fixing bridges, and we also added in transportation to help them out as well...the Legislature added that in. It is about transportation in totality and we are going to do it, but we need to see how efficient they are first. Thank you, Council Chair Rapozo.

Council Chair Rapozo: Thank you. Any other discussion on the communication? Councilmember Yukimura.

Councilmember Yukimura: Let us just be clear for the record that this year, we are getting twelve million five hundred thousand dollars (\$12,500,000) million from the GE tax, which was intended not "just for roads," but "also for roads." We know we need to pave our roads, but it was also meant for transit expansion. Of that twelve million five hundred thousand dollars (\$12,500,000), only one hundred sixty thousand dollars (\$160,000) was put in the budget for transit expansion, three (3) workers to clean the bus shelters and a truck, which is needed, but it is not what the real need is of the bus riders out there who have to wait for a bus on weekends on holidays that comes every two (2) hours and ends at 4:30 p.m. I asked of that twelve million four hundred thousand dollars (\$12,400,000) for eight hundred thousand (\$800,000) plus for weekend service for a whole year. When the Executive on Transportation told us that this route-cutting and efficiency study had to be done, which was supposed to be done by this past spring, but has been delayed and she said it should be done in October, but added a few more months for safety purposes, so by the end of the year. This proposal now respects that timetable and says, "Okay, we will get the system efficient, and then we will add on weekend service." It did not say that you can only have expanded services if you find enough money in the cost-cutting to expand services, not when we have twelve million five hundred thousand dollars (\$12,500,000) and next fiscal year, twenty-five million dollars (\$25,000,000) for land transportation. To give one hundred sixty thousand dollars (\$160,000) for bus expansion, which does not really expand services, is horrendous in terms of the County addressing a real need for people and employers. It is not just for employees, it is for employers. Now, this proposal is for four hundred twenty-five thousand dollars (\$425,000) for half a year. It respects and accommodates the Administration's schedule while recognizing the huge need out there. Last night, Councilmember Kawakami said it is a social justice issue and it really is. People need a way to get to work and kids need a way to get safety to and from. There was one young high school student that told me that he had used the bus fifteen (15) times in one day, just going from here to there. That is how important the bus is to the operation of our economy and the well-being of our citizens. To give four hundred twenty-five thousand dollars (\$425,000) out of twelve million five hundred thousand dollars (\$12,500,000) for weekend bus expansion is not asking too much.

Council Chair Rapozo: It is four hundred seventy-five thousand dollars (\$475,000), not four hundred twenty-five thousand dollars (\$425,000).

Councilmember Yukimura: Yes, thank you.

Council Chair Rapozo:

Councilmember Kawakami.

Councilmember Kawakami: Thank you, Council Chair Rapozo. Thank you, Councilmember Yukimura for referencing my statement. It is true. Public transportation is a social justice issue and I think that we have expressed our support on both the public and private sector side. I would also like to remind the Council and the people that during my time at Menehune Food Mart, we did partner up to offer bus pass sales at no cost to the Transportation Agency at each one of our stores so that people did not have to commute to Līhu'e. We understood that. I think what is being talked about is exactly what the Transportation Agency talked about during budget—they said that they are in the process of creating efficiencies within their current system and that they are confident that the money required to expand these services will be found once they complete those efficiencies. From a business standpoint, for anyone that has any type of business experience, that is what you have to do when you are dealing with your own money. This is taxpayers' money, but we should treat it as if it is ours and that it is coming out of our pocket. When you take a look at photovoltaic systems, those people will be recommended to look at the low-hanging fruit to retrofit appliances, to find deficiencies, and then put the system up. This is where prudence and fiscal responsibility come into play when we are talking about taxpayers' dollars, so I do not want this issue to be confused or any political rhetoric that by not supporting this money that we do not support public transportation. That could be farther from the truth, it is not genuine, and quite frankly, it is *pilau* when it comes to that point. Kaua'i deserves better. We should be focusing on the merit of the issue and the merit of the issue is how do we get this money to deploy more services? I support increasing an expansion of the bus services and I have been very clear, but we also need to be prudent as decision-makers as to the fiscal responsibility that the people put in trust to us. Thank you.

Council Chair Rapozo:

Councilmember Kaneshiro.

Councilmember Kaneshiro: I will not be supporting this Bill. We have had extensive conversations and debate on this. We had our entire budget process where we heard about it. We have the public riled up and the question was posed, just like another item on this agenda—"if you do not support this, then you do not support transportation," which I do not think is a fair statement. In this case, people were saying, "Follow the plan, do what the plan says" and we are doing exactly what the plan says—it has been consistent with the Administration and the consultants that we are going to look at efficiencies first, and then we are going to look at what it is going to cost us to expand the bus service. They even said that if we look at the efficiencies, there may be some expanded services that does not cost us any money, and then from there, we will find out what else more can we do to get the services we need. I think we owe it to the public to do that, just that, and not just say, "Here, let us just throw the money at them and let them figure out how to expand the bus service." It is kind of a timing issue. The Administration said that they need the time to figure out what efficiencies they can improve on, what routes they can add with those efficiencies, and then they will come back and ask us for, "This is the amount of money we need to expand the services and this is the services we want to expand, too." I think that is the fair process to go through. I do not think we should ignore what they say and just say, "No, here, take this money and do it." I think it is

in our best interest to allow the Administration to do what they need to do and take the time that they need to implement the plan that they are supposed to implement. Expanded bus service is not the only thing they need to implement in this plan; there are a lot of other bullet points that they also need to implement. For me, I think we heard it clearly from the Administration. We have just been through this issue not even two (2) months ago, and for me, it is exactly what everyone has been saying, "Look at our efficiencies first." That is what we owe the taxpayers.

Council Chair Rapozo:

Councilmember Yukimura.

Councilmember Yukimura: So my proposal accommodates the Administration's request and it is not the same thing. My last proposal during budget was for a whole-years worth of extended weekend and holiday service. Now that they have said that they need time to the end of the year, it gives them that time and it says that we need to then make the service available. But it does not say, "You need to pay for the expansion of services with these cost efficiencies," and I think we need to have Celia come up, because she told me that the consultants did not include paratransit costs of weekend service in the cost of weekend service. So they were not looking at the full cost of weekend service when they thought we could use the efficiency moneys for that. So we do not have it and why, when we have twelve million five hundred thousand dollars (\$12,500,000) should we make the bus system...we are not making roads, say, "Oh, until we are efficient, we are not going to give you any moneys for repaving the roads," or our parks or a golf course, "Until you are efficient, we are going to stop subsidizing you by one million dollars (\$1,000,000)." We are not doing that to any other service and the need is so great and we have the moneys that are specifically applied for it. Of that twelve million dollars (\$12,000,000), seven million six hundred thousand dollars (\$7,600,000) is allocated for roads, so we can take a little bit of that to meet this very dire need right now. People are not able to find employees because they cannot have weekend service. We should at least pass this on first reading so that people can come and testify about that. Papaya's, Pono Kai, Westin, the visitor industry, and all of these people are saying that they need this service and we are going to not give four hundred seventy-five thousand dollars (\$475,000) out of twelve million five hundred thousand dollars (\$12,500,000) to meet a really urgent need? It is not stopping the efficiency study.

Council Chair Rapozo:

Anyone else?

Councilmember Yukimura:

Can we have Celia come up?

Council Chair Rapozo:

Hang on, Councilmember Yukimura. Does anyone else have discussion? Councilmember Chock.

Councilmember Chock:

Thank you, Council Chair Rapozo. I just wanted to confirm that this item is coming up later as first reading. I think we are going in circles. We really need to hear from our Transportation Agency on what it is going to take to move it forward. I just wanted to ensure that is going to be what we do this afternoon. I can hold my discussion or questions until then.

Council Chair Rapozo: It sounds like we are having a discussion now. I am not going to repeat this again for the Bill. So if we want Celia, we can call her up. We heard from Celia a couple of weeks ago and we heard very clearly from Celia. What is frustrating, and I think Councilmember Kawakami said it best in the most diplomatic way, and I think I should just echo his, because I do not think I can do it as eloquently, but it is frustrating to sit here and a picture is painted that we do not support expansion of the bus service and we do not support affordable housing because we are not supporting a Member's proposal. When I listen on the radio, I hear advertisements...I see television advertisements...it is political. The bottom line is that we heard from the Administration just a few weeks ago and it was very clear that this Council funded the study to be done. We funded a study to be done by a consultant to take a look at our transportation system. We had a great consultant and a great plan, a plan that was phased into phases that promised the ability, using the savings from the corrections of the inefficiencies would be able to fund the future expansion of the bus. If there was a certain time down the line, phase 3 or phase 4, then there would be a need for funds. This is one (1) Councilmember's idea of how to fix a problem. Should we put a spaceport at the Pacific Missile Range Facility (PMRF)? The Administration will say, "We do not have the ability or the capacity," but because I want that, should we put the money there, even if the Administration is not ready, even if the Administration told us a few weeks ago, "The money is not going to help us because we are working on inefficiencies." It is not fair when the public gets an E-mail on one side of the issue, because yes, it is a wonderful thing. Not one of us on this body would oppose the expansion of the weekend bus service, but we just had a discussion a little while ago about not having money. Where are we going to get the money from? We are taking four hundred seventy-five thousand dollars (\$475,000) that could be used, they are ready to use in another project, in roads, but because one (1) Councilmember feels this is something that needs to be done now, even if the Administration is not ready, and that was admitted to here, but we are going to do it anyway. What is the motivation? Really, what is the motivation? Then to paint the picture that, "You folks do not support it, so you do not support the expansion"—no, we are responsible, we are fiscally responsible members of this body that has to watch your money. If the Administration is not ready for the money, why on God's green earth would we put almost five hundred thousand dollars (\$500,000) into a fund that is not going to be used? I am flabbergasted. I could see if it was the 2017 budget that we had the discussion, but this is so fresh. We just had the discussion. I am almost hesitant to call up the Executive on Transportation because either Councilmember Yukimura was able to convince her to change her mind, or she is going to get hammered. I do not want to put her through that. She made her points perfectly clear a few weeks ago. It did not go Councilmember Yukimura's way, so here we go, we are going to take another swing at the bat and we are going to put the public through this because now the public is so emotional about this. I agree with every single one of you. There is not a soul here that is in disagreement that the job sites and the workplaces need extended bus service. We need a lot of things that the Administration just simply is not ready to execute. Is it responsible to just throw the money so you can tell your constituents, "I did this. I put the money there. The Administration is not doing it." Well, because they have told us that they are following the plan. We are one Council that constantly says, "Where is the plan for the money?" You just want the money and hopefully you do the right thing? Where is the plan? They told us that they are



executing and implementing the plan that we funded and we supported and we adopted. Let the plan run its course. For those of you who do not understand the money bill process to transfer funds take six (6) weeks, and we could actually expedite if we put the Committee Meeting and the public hearing on the same day if it was an emergency. When the Administration is ready, when they have reached that phase of the plan that says, "We need more funds, the savings that we have enjoyed does not meet the need," they get the funds in six (6) weeks. They need to come to this body to the public and say, "We have done everything the plan said, we have fallen a little short, and we need an extra two hundred thousand dollars (\$200,000) or an extra three hundred thousand dollars (\$300,000)." This body, through the process, will allocate the funds. That is responsible fiscal management, not just throw four hundred seventy-five thousand dollars (\$475,000) into a pot that just think that it will fix the problem by itself. No, you need the Department behind it, and we heard that they are not ready. Councilmember Yukimura.

Councilmember Yukimura: We heard that they would not be ready until the end of the year, so this does accommodate their schedule. When we were talking in budget, it was starting from July that the budget was for. When we heard and listened to the Administration and they said, "We need this time," we are giving them that time and we are putting money in for after that time. We are following the plan and that is what this Bill is all about.

Council Chair Rapozo:

Councilmember Brun.

Councilmember Brun: Thank you, Council Chair Rapozo. I will not be supporting this also. Again, it is being painted...it is the same thing that everyone said, that we do not support the bus. We do support the bus, but Celia came here and told us she was not ready. That is like telling my son, "I am going to buy you a house because maybe you are ready to move into it at the end of the year." It is not going to happen. We can always do a money bill when they are ready to get this money and we can support the weekend service, but I will not support this. This just puts us in a bad spot because everyone is ripping us out there that we do not support the bus. We do support the bus. We funded the bus. They are not ready for this. I do not think it is right to bring Celia up and put her through that again. At least she was honest with us about that and she got hammered then so she will probably get hammered again today. Thank you, Celia, for being honest. When you folks are ready, come back and we will approve the money. Thank you.

Council Chair Rapozo:

Councilmember Chock.

Councilmember Chock: I do not want to hammer anyone as well, Council Chair Rapozo. My only thing is if Celia comes up and gives us a "yes" or "no," does she want us to pass this Bill now? I understand where Councilmember Yukimura has changed the proposal to fit what was stated here on the floor, but for me, it is about what our Transportation Agency wants and if they do not want it now and they want to come back at the end of the year, I am fine with that, too. I just have not heard it and I have not had the chance to talk to her personally and that is how I will make my decision, Council Chair Rapozo.

Council Chair Rapozo: If a Councilmember requests the presence of the Administration, I am obviously going to honor that, but I am not going to allow any battering of Celia. We will ask her position or what has changed since a few weeks ago and that will be it. I do not want no convincing...there is no need for that. Councilmember Kagawa.

Councilmember Kagawa: For me, regardless of whether I hear what Councilmember Chock wants to hear out of her that they are ready, but for me to appropriate moneys, I need to see the inefficiencies and the corrective action of the inefficiencies before I am going to appropriate more money. Not just hearing, "Yes, we will efficient by January 1<sup>st</sup>." That is not good enough for me to appropriate money. For me, I need to see on papers to be transparent to the public what are the inefficiencies that we uncovered over this year and a half or what have you, and these are the corrective actions that we made and this is what we need. Now that we made those corrections, this is what we need to do to expand bus service. That is all I am asking for. It is not rocket science. I think it is easily available for us once the consultant report is done and I am not ready to rush into a bill today because I do not think she has all of the information for me. Thank you.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: I would like to have some factual clarification, because it is not perfectly clear whether, in fact, the Agency's position is that the moneys that are saved can cover the weekend service increase and I feel that is a factual thing that we need to have on the floor because there is some confusion about that. Those are the kind of questions that I would like to ask.

Council Chair Rapozo: I am going to bring her up. But again, I am going to ask everyone to just show her the courtesy and honor her position, regardless of where it is. We are not trying to change her mind. With that, I will suspend the rules.

There being no objections, the rules were suspended.

CELIA M. MAHIKOA, Executive on Transportation: Celia Mahikoa,  
Executive with the Transportation Agency.

Council Chair Rapozo: Thank you for being here today. Let me just ask the real simple question: has anything changed between your testimony a few weeks ago and today?

Ms. Mahikoa: Nothing has changed since the last time this subject was addressed.

Council Chair Rapozo: Thank you. Councilmember Yukimura.

Councilmember Yukimura: Celia, good morning.

Ms. Mahikoa: Good morning.

Councilmember Yukimura: I think when the consultant appeared before the Council last, he said that he thought that the cost-savings from the efficiency study could possibly cover weekend service.

Ms. Mahikoa: Yes, he did state that may be what they identify.

Councilmember Yukimura: Subsequent to that, you told me that the consultant did not take into account or did not add in his costs of expanded service the paratransit component, which is a requirement by Federal law. So if we expanded the weekend and holiday service for the main line, we would also have to expand our paratransit service.

Ms. Mahikoa: Yes, that is correct.

Councilmember Yukimura: So that was not included when he thought that maybe we could cover it.

Ms. Mahikoa: That was not included in the estimates initially.

Councilmember Yukimura: Okay. So there could be a problem with covering all of extended weekend service with the efficiency savings.

Ms. Mahikoa: Yes, there could be. That would be determined at the point when we get the efficiencies defined once we are completed with that effort.

Councilmember Yukimura: Okay. Is your deadline that you gave us still the same deadline?

Ms. Mahikoa: Our goal is ultimately to have the efficiencies identified within the next two (2) to three (3) months, and then be able to work within the collective bargaining agreement requirements for shift postings for our drivers in order to have it effective for January/February is the goal. As we are going along in the process, we will be able to determine whether or not that can actually happen. There are certain clearly defined parameters in which we need to maintain compliance.

Councilmember Yukimura: Okay. So you are thinking of finishing the cost efficiencies study and then implementing the recommended changes by January or February?

Ms. Mahikoa: That is our goal at this point, yes.

Councilmember Yukimura: Okay. So when do you project that we might consider weekend and holiday expansion?

Ms. Mahikoa: That would be the time when we are looking at implementing those changes, but we will not be able to define exactly how much we can take on until we are able to get the run-cutting exercise completed with the consultants, which we are in the middle of right now.

Councilmember Yukimura: Okay. Where in the process do you... Councilmember Kagawa mentioned the paratransit changes that you are looking at; where does that dovetail in?

Ms. Mahikoa: As far as getting paratransit changes?

Councilmember Yukimura: Policy changes.

Ms. Mahikoa: That, we are handling through just setting up a timeline for the different recommended actions that have been provided in the plan. That does not have to correlate directly with the implementation of the efficiencies within our drivers' schedules. Our goal is to get the driver schedule efficiencies applied as soon as possible and once we are able to do that, we can identify the additional resources we then have and determine the best way to apply those additional resources for the greater good of the community. Beyond that and paired with that, parallel to that, we are working on the recommended changes that will impact paratransit service as well.

Councilmember Yukimura: Okay. So you think that if the cost-cutting and that kind of thing is done, that by the end of the year and before you implement, you would have a figure of what you could use or need for the implementation of the cost-cutting recommendations and you plan to have expanded weekend service?

Ms. Mahikoa: Well, the implementation of cost-cutting measures will provide us with the amount of resources that we have that have become available for the implementation of additional service.

Councilmember Yukimura: Is it the goal of your Administration to implement expanded weekend and holiday service in this coming year...fiscal year?

Ms. Mahikoa: Our goal has been to utilize the freed up resources through the efficiency measures to utilize those resources to add what we are able to at that point once we have identified just how much we have.

Councilmember Yukimura: But that was done when we did not have the excise tax passed and the moneys, right? We did not have any extra revenue to use, so it seemed like we had to use the efficiency moneys.

Ms. Mahikoa: Not necessarily. We are fully committed to wanting to identify the ways that we can maximize our efficiency with the system we have. Whether we have the extra funds or not, we feel that it is critical to be able to do that in order to proceed in the most responsible way.

Councilmember Yukimura: But what if the efficiency cost did not cover the weekend service? Then what would you do?

Ms. Mahikoa: Then we can come back and present that dilemma and request additional resources if necessary, if that is the direction of the Administration at that point.

Councilmember Yukimura: What is the direction of the Administration? To expand weekend service only if you have moneys from the efficiency study?

Ms. Mahikoa: At the moment, that is what we have committed to so that is what the plan is. We are carrying out the plan as originally communicated to all Councilmembers and stakeholders.

Councilmember Yukimura: So you are saying that weekend service is dependent on finding enough money from the efficiency study...is that what you are saying?

Ms. Mahikoa: That is us carrying out what we committed to.

Councilmember Yukimura: Okay.

Council Chair Rapozo: I am going to stop you there because I think you are asking the same question. Councilmember Chock.

Councilmember Chock: What I am hearing, Celia, is that you will come back to us, if necessary, with a money bill, when appropriate, in order to ensure that we move forward on weekend service. Is that correct?

Ms. Mahikoa: That is correct.

Councilmember Chock: Thank you very much.

Council Chair Rapozo: Not just weekend service, there is a lot of components of that expansion and improvement...it is not just weekend service, right?

Ms. Mahikoa: Right, but the top recommendations are.

Council Chair Rapozo: I agree, but this consultant came up with a lot of recommendations.

Ms. Mahikoa: Right.

Council Chair Rapozo: If the savings of making it efficient does not cover it, then you would come back and recover the rest, right?

Ms. Mahikoa: That is correct.

Council Chair Rapozo:

Councilmember Kaneshiro.

Councilmember Kaneshiro: I think the appropriate way to do it is you realize how much money you need, you talk to the Administration, you talk to Lyle folks on roads on say what roads you think are going to get done before the year ends, which roads do you think not...do you think we can move some of that money into transportation rather than do the roads...you come in here and say, "We have spoken with Public Works and they said, "This road project is a little delayed, so we have this extra money and this is what we have identified as the amount of money that we need to do what we do," and that is the process, right?

Ms. Mahikoa:

Yes.

Council Chair Rapozo: That is the responsible process. That is how responsible management of the budget is done. The paratransit service that we had, there was some recommendations in there. In fact, when I remember correctly, when I met with the consultant, he said that we have the most generous paratransit service in the country. In fact, the changes in that system would result in a potential revenue stream, because they would be charging and it would force many of the people that should not be using paratransit by Federal standards using the regular line, which would generate revenue. So we do not know what the outcome will be once we implement this plan and I think that is why this is so premature. When we are moving forward...when you fix up the bus driver schedules, what is the savings of that...we do not know yet...not all the routes that we are currently running will be ran at the same periods. When we redo the routes and structures, and correct me if I am wrong, but what I got from the consultant was that they are reviewing all of the routes, some are going to be increased, some are going to be decreased, and some will be replaced with shuttle service. This is not just a plan that was five (5) pages...this was five hundred (500) plus pages worth of data, statistics, and actuals that this guy put together and came up with what he believed was the best direction to move forward.

Ms. Mahikoa:

Yes.

Council Chair Rapozo: I am hearing and I think what we all are hearing is that at this point, we just do not know, and four hundred seventy-five thousand dollars (\$475,000) in your bank account is not going to expedite...it is just going to sit in a bank account. I want to make sure that I understood what you said that you are not going to limit the implementation of this plan based on the moneys that you save and the efficiencies, that in fact, if you are short, that you will come back here for a money bill for funding that will implement the plan as suggested and recommended.

Ms. Mahikoa:  
Administration...

Yes, if that is the direction that overall

Council Chair Rapozo:

But the Administration wants to move on?

Ms. Mahikoa:

Yes, exactly.

Council Chair Rapozo: That is what I wanted to hear. Thank you very much. Any other questions of Celia? If not, thank you very much.

Ms. Mahikoa: Thank you.

Council Chair Rapozo: I will call the meeting back to order. Any further discussion? Councilmember Kaneshiro.

There being no objections, the meeting was called back to order, and proceeded as follows:

Councilmember Kaneshiro: This is my final discussion and I will not say anything when the Bill comes up. But yes, I just wanted to clarify, I never heard the consultant say that the efficiencies we will see will cover the entire expanded bus service. It is always, "There may be efficiencies that may allow us to expand some of the bus service" and we always expect in the end for Celia to come back and say, "We finally did all of our work, this is what we came up with, and this is how much more money we need to implement the plan that we want." I think that is the process it goes through and you will find that it is unfair to say, "If we do not support this, then we do not support transportation." When a proposal comes up like this, it is probably going to fail. If a proposal comes up later where Celia says, "We did our efficiencies, this is how much more money we need to do the priorities that we want to do. We have talked to Roads and they said that they have this amount of road projects that are not going to get done this year and we have the money and they are willing to move the money around"—I guarantee you that there is a 7:0 vote when it comes out here and everyone is going to support it. It is just a process, it is the timing and that is how it works. That is how it is to be fiscally responsible. You follow that process. Those are just my last comments on it.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: I want to thank Celia. She is really doing a bang-up job, also her staff and her management, day-to-day in just keeping the current system going. As I mentioned earlier, there are significant problems with running an operation like the Kaua'i Bus, where there is no excuse if a bus does not show up at a stop. There is going to be to be significant complaints to the Mayor and what have you. These guys are dealing with union employees that have forty-two (42) days off a year. Believe me, they get tons and tons of late call-ins for being sick and what have you. I think the true solution is privatizing our bus and that would get rid of the forty-two (42) days off a year, employees could make the same or even more salary, and reduce the amount of headaches that management has in dealing with expanding schedules. Is that a realistic solution? I think that is one for Mauna Kea to see if we can have something like that on the Charter. But if we are serious about running a business like a bus, it is not like a Council office or a mayor's office, where someone takes off and other staff pick up the slack. You need a physical driver on each route and when you have those amount of days off a year and people utilize those days off on a last-minute basis, it makes Celia's job almost impossible, but she continues...I do not hear complaints from the public about bus drivers not making it, but is there a significant cost that is coming with it every day? You bet. There is

significant overtime when you have to call last-minute replacements, and these folks are answering the phones early in the morning, people that are holding the emergency phones that day...it is ridiculous the amount of stress that these guys go through. I think we all need to appreciate what the bus management is doing because we have a system that is almost impossible for them to do and privatizing is the answer. It is the only answer, in my opinion, in how to be efficient and meet the needs of the public in a cost-efficient manner. Thank you, Chair.

Council Chair Rapozo:

Any final thoughts? Go ahead.

Councilmember Yukimura: I just want to say that it is clear that the Administration...I am not talking about Celia, but the Administration is not really understanding the urgency of the need for expanded service. I think if they were, they would find a way to do both the cost-cutting and the expansion of services because of the dire need that exists out there. I understand the Council's desire to have clarity from the Administration about the cost. I am glad to hear that the Council does not assume that we have to pay for expanded services by the efficiency savings alone. I really think that the issue of roads is a priority matter for the Council between the roads and the bus is a priority matter for the Council. It is not if there is extra money from roads that we would fund the bus. There is twelve million five hundred thousand dollars (\$12,500,000) and only one hundred sixty thousand dollars (\$160,000) is going for expansion of the bus. I do not believe we should ask the Administration about it; we need to say that as a priority for the Council that expanded weekend service is important and allocate the moneys somewhere from the twelve million five hundred thousand dollars (\$12,500,000). I was the one who advocated and introduced a bill to increase fuel tax because once we got the one hundred million dollar (\$100,000,000) backlog, I knew we had to address the matter, and one of the reasons I worked so hard to get the excise tax option was to repair the roads. So I am not talking about bus to the exclusion of roads, but I do think that the user fee and the heavy trucks and the commercial uses need to pay their fair share and not put it on a regressive excise tax and that we have to give some share to the bus. I can see that it is the Administration's priorities that are not putting a priority on weekend service and the Council, by its processes, wanting to defer to that. I guess without the cooperation of the Administration, this cannot go forward.

Council Chair Rapozo:

Councilmember Kagawa.

Councilmember Kagawa: For me, Olokena Road, Lāwa'i Road, Kōloa Road, our bridges like Hanapēpē Town Bridge, over one hundred (100) years old, Opaeka'a Bridge, over one hundred (100) years old—those are not priorities, fixing those things; those are necessities. I would not say that those things are a priority. It is not a priority to fix those things; it is a necessity. Taxpayers pay real property taxes and they feel that they deserve roads that are not in the condition that they are, like Olokena Road, Lāwa'i Road, and Kōloa Road. They are all important, so it is not one over the other. Thank you, Chair.

Council Chair Rapozo:

Councilmember Yukimura.



Councilmember Yukimura: I am glad that everyone understands that expanded weekend service is a necessity also.

Council Chair Rapozo: Anyone else? This will be my final comment as well. In 1985, I joined Kaua'i Police Department and back then we had eight (8) beats on the island, eight (8) patrolmen covering the whole island. Today is 2018, we have ten (10). In all of those years, over thirty (30) years, we have added two (2) beats to the patrol officers on this island. "Mel Rapozo" thinks that we should have at least fifteen (15), preferably twenty (20) beats on the island. That is Mel Rapozo's desire/dream. So is it right for this body to drop ten million dollars (\$10,000,000), eight million dollars (\$8,000,000), or whatever it will take, even if the Administration is not ready? I think we have to understand and respect that separation that, in fact, regardless of what individual Councilmembers believe, there is a process. Our Administration obviously does not have the capacity right now to increase the beat structure to fifteen (15) or twenty (20) beats, but do I think it is a necessity? Absolutely. To the person that called the police department and has to wait two (2) to three (3) hours for a cop to come, they are not happy, but that is just the way it is. We heard from the Administration today that we are working on a plan that we all agree should have been done. To say that the Administration is not making the expanded weekend service a priority is totally untrue. I think I heard clearly from Celia today with no opposition from the Administration who is sitting here right now, that, "No, we do not think that weekend service is a priority. We are going to focus on paratransit and routes, but we are not going to look at expanded weekend services." What I heard was, "We are working on expanded weekend service," and that is a commitment that we had made. That is what I heard. I did not even hear a tinge of nonpriority. I get concerned because when these messages get out, it gets repeated and that is how the misinformation gets circulated. It is not the public's fault. Trust me—if I got the misinformation that upset me, I would be spreading it like wildfire because of my frustration. It is important that we put the right information out there, the factual information out there. Not misinformation. I just want to make it clear...no one sitting here today can say that it is not a priority of the Administration, the expanded weekend service. All they are saying is, "Give us a chance to work the plan. We will work on our inefficiencies with the savings that we create." The consultant made it very clear to me...we all met with the consultant individually and we got to ask a lot of questions, which obviously the public is not available to them, but he did say that we can do limited expansion, limited improvements with the savings that we get from correcting the inefficiencies. But some of this would require additional County resources. That is a no-brainer and obviously I think you heard today that everyone is committed to supporting that. With that, the motion is to receive.

The motion to receive C 2018-149 for the record was then put, and unanimously carried.

Council Chair Rapozo: Next item, please.

C 2018-150 Communication (06/14/2018) from the Acting County Engineer, transmitting for Council consideration, a proposed amendment to Ordinance No. B-2018-842, as amended, relating to the Capital Budget of the County of

Kaua'i, for the Fiscal Year July 1, 2018 through June 30, 2019, by revising the amounts estimated in the Bond Fund and the Highway Fund – CIP, to fund the Salt Pond Wastewater Improvements and Hanapēpē Moi Road Pedestrian Safety Improvement projects to meet construction cost increases as a result of the higher than anticipated bid pricing received: Councilmember Brun moved to receive C 2018-150 for the record, seconded by Councilmember Kaneshiro.

Council Chair Rapozo:

Councilmember Kagawa.

Councilmember Kagawa: Can I have the Department of Public Works up? As the Public Works / Parks & Recreation Committee Chair, being that this is going for first reading, the public should know why we need this money, why our estimates are off by this amount, and perhaps what are we going to do in the future to make sure we get more accurate numbers?

Council Chair Rapozo:

Thank you. With that, I will suspend the

rules.

There being no objections, the rules were suspended.

LYLE TABATA, Acting County Engineer: Good morning Chair and Members. We have a presentation. Just a brief project overview, the length of where Moi Road will connect. Right now, we have an existing sidewalk and what we did not anticipate from the very beginning was the upper sidewalk connection. There was an existing sidewalk and the intent was to connect the existing sidewalk, all the way down to Hanapēpē Road. I did not anticipate the upper section needing work. So part of the increase is increasing the scope. Based on the final stages of design, we based our detailed design and calculated materials, quantities, et cetera, we really started working on this and recent projects that we did complete, bids have been coming in higher all around. The economy has picked up and construction is booming. So the engineered estimate went from one hundred thirty-five thousand dollars (\$135,000), now to three hundred seventy-five thousand dollars (\$375,000) which includes contingency for unforeseen...so we are asking for two hundred forty thousand dollars (\$240,000) more.

Council Chair Rapozo, the Presiding Officer, relinquished Chairmanship to Council Vice Chair Kagawa.

*(Council Chair Rapozo was noted as leaving the meeting.)*

Councilmember Kagawa: Lyle, it seems kind of high to go from one hundred thirty-five thousand dollars (\$135,000) to three hundred seventy-five thousand dollars (\$375,000). I hear you that they are busy and bids might be coming higher, but is there some point that maybe we put an upset price to make sure that we are not getting taken advantage of? I have heard from other contractors at times where they look at a project and find out what the total cost was and they say, "Wow, I could have done that for a lot cheaper." I think our lack of having maybe an upset price is really making us...

Mr. Tabata: When we come forward, then we present to the public and contractors see that and they see what our budget is and they bid on the project. So that is the reality of life that we face. When we go through budget times, we put our Capital Improvement Project (CIP) budget in and they know ahead of time. We do our best to estimate.

Councilmember Kagawa: Any more questions on Moi Road?  
Councilmember Brun.

Councilmember Brun: Lyle, I have a follow-up on that question. So we do not open the bid process for any contract on Kaua'i or do we just pick a select few that we work with and that is all?

Mr. Tabata: No, we put out the bid and whoever bids on the project, we consider them...we just do not send out to a few...it is open procurement and whoever bids on a project bids.

Councilmember Brun: Okay.

DONALD FUJIMOTO, Civil Engineer VI: Donald Fujimoto. The new electronic bid process is open to anyone that is interested in bidding. So any contractor at any time can preregister and any projects that even resemble something they are interested in, we will automatically get an E-mail to them and they get notified that way.

Councilmember Brun: So that should eliminate where somebody is doing it for four hundred thousand dollars (\$400,000) and this other contractor said that they could do it for two hundred thousand dollars (\$200,000).

Mr. Fujimoto: Exactly.

Councilmember Brun: Okay.

Mr. Fujimoto: To answer Councilmember Kagawa's issue, the next project that we asked for, we actually had budgeted only seven hundred thousand dollars (\$700,000) or so, which was advertised and the bid clearly came much higher than that. So sometimes, yes, they see the advertised price and they think they can bid that and still get the job, but most contractors want the job. So regardless of what is posted, they are going to submit the lowest possible job price so that they can actually get the project.

Councilmember Kagawa: I guess my follow-up to that is how do we determine our estimates? It seems like if you are saying that seven hundred thousand dollars (\$700,000)...it seems kind of like the rail; there is no sense in making an estimate if we are way off.

Mr. Fujimoto: Good point. In the case of the Salt Pond project, we had our engineers reevaluate our estimate. Our estimate was actually much higher, it was nine hundred thousand dollars (\$900,000), and it still does not

meet what was bid. But we did not come in for the money bill at that time, because of this process, it did not make sense to go in for the money bill at nine hundred thousand dollars (\$900,000), and then later on come in for additional funds when the bid actually came out, in which case it was higher.

Mr. Tabata: Right there is the layout for the Salt Pond wastewater line. What we are doing is we are going to connect the comfort stations to our 'Ele'ele Wastewater Treatment Plant.

Councilmember Kagawa: So this is the same project that I remember six (6) years ago, we had a concern by the main pavilion, there were puddles and the users were worried if that was sewer water coming up. Six (6) years ago, this came up and we said that...I guess the salt makers opposed the sewer line hook-up, but my question is regardless of if the salt makers complained, we knew that the septic was not working. Why did we wait six (6) years to do this right now?

Mr. Tabata: To qualify that puddling at the time, we found that we had a potable water leak there. It was not septic. It was a potable leak. We repaired the potable water line and everything dried up.

Councilmember Kagawa: But the small pavilion, that was septic water and that is why we shut it down?

Mr. Tabata: Which small pavilion?

Councilmember Kagawa: The small restroom towards Kaumakani side.

Mr. Tabata: No, that is still operable.

Councilmember Kagawa: It is not operable, I just went there. There is yellow tape all around and the doors are boarded up.

Mr. Tabata: Okay. They might have a maintenance issue over there.

Councilmember Kagawa: They said it is going to be shut down for one (1) year.

Mr. Tabata: We have to check with Parks Maintenance.

Councilmember Kagawa: We have to find out if...

Mr. Tabata: So what took us so long was working with the community, the salt makers in particular, to present them a system that was acceptable to them. So part of the concerns were the exposure of a possible pipeline leak and that location of where the pipeline was going to go. So Donald has been stewarding this, taking this back multiple times to the salt making community, and this is the end result of what has been completely agreed upon and we are finally delivering a project. Yes, we agree that the duration...when we first decided that we

were going to present this until now, to delivery, has been a long, but I believe thorough process with the salt community.

Councilmember Kagawa: Are we putting a rush on this? I heard that the small restroom would be shut down for another year or something. Are we putting a rush so maybe we can open the small restroom earlier?

*(Council Chair Rapozo was noted as present.)*

Mr. Fujimoto: Unfortunately, my understanding is that the issue with the small pavilion just occurred recently and I think the Parks people contacted me about our schedule. The total duration, we are looking at...after we get our money bill, we still have to award, issue the contract...it is a nine-month contract, so we are looking about twelve (12) months from now, a year. Unfortunately, the fastest we are looking at completing this project is about one year from now.

Councilmember Kagawa: My understanding is that we were going to do a temporary fix of the septic at the small pavilion and the Department of Health shut us down because it is below the water table. Back to you, Chair.

Council Vice Chair Kagawa returned Chairmanship to Council Chair Rapozo.

Council Chair Rapozo: Thank you. So you are saying one (1) year?

Mr. Tabata: That is the time we give them from start contracting, et cetera. If they complete it sooner...

Council Chair Rapozo: Would this qualify as a public health and safety emergency or expedite this in any way?

Mr. Fujimoto: I am not sure what is happening or what the conditions are for the small pavilion. At the time it was built, my understanding was that the current leach field did meet the separation requirements from the groundwater, so the question is do we have enough space to create another leach field for these twelve (12) months?

Council Chair Rapozo: Councilmember Brun.

Councilmember Brun: With this extra money, this two hundred forty thousand dollars (\$240,000), did you folks do an analysis in-house or because you got bids that was higher than originally expected?

Mr. Tabata: We are going backwards to the Moi Road project?

Councilmember Brun: I am still on the Moi Road project.

Mr. Tabata: Yes, based on what we are receiving presently for all of the bids, we increased accordingly.

Councilmember Brun: Okay, so...

Mr. Tabata: So we would not get to where Salt Pond is. We went out to bid and we found out we are short. We went ahead of the game and put in the extra moneys...

Councilmember Brun: So this is because bids from outside came out higher. So my question is now we are putting in this two hundred forty thousand dollars (\$240,000); will we reopen the bids again? Maybe somebody who looked at it said, "Only one hundred thirty-five thousand dollars (\$135,000), I am not even going to bid on this." Will we reopen it again and make it fair for everyone because now we have three hundred seventy-five thousand dollars (\$375,000).

Mr. Tabata: This one has not been bid. We are preparing to go to bid.

Councilmember Brun: Okay. Thank you. So this was done in-house and you folks realized...

Mr. Tabata: Yes.

Councilmember Brun: Okay, that was my question.

Mr. Tabata: But the Salt Pond one is to match the bid that came up.

Councilmember Brun: Okay, so for the Salt Pond one, you will reopen bid for everyone else?

Mr. Tabata: No, we are just funding the appropriate amount of what was bid that was accepted and approved already.

Mr. Fujimoto: There are a couple of things...if you look at our bullet, the next slide...there were only two (2) bidders. That says something. The fact that the bidders actually wanted the job, so that means either the market right now is really good...

Council Chair Rapozo: Donald, we are on Salt Pond and he is talking about Moi Road...

Councilmember Brun: No, Moi Road is done.

Council Chair Rapozo: You are good with Moi Road?

Councilmember Brun: Yes. Now we are talking about this one. Thank you.

Council Chair Rapozo: Okay, sorry.

Mr. Fujimoto: So his question kind of led to Salt Pond. So we could put it out to bid again, but again, we thought there was an urgency on this. The two (2) bids that were submitted were very close, within eight percent (8%). It is not like one guy just threw in the numbers just to see how much money he could get. Both of these contractors really wanted the project. So we are kind of recommending that we award to the low bidder right now. The other reason why the price is so high is that because Salt Pond is a culturally sensitive area, we did have this archaeological monitoring requirement that actually put a lot of risk on the contractor. So during the course of construction, the contractor will be required to have an archaeologist on-site any time they open the ground and start going down into the ground.

Councilmember Brun: Again, originally when you guys put out the CIP budget, you put it for seven hundred twenty-eight thousand dollars (\$728,000). So do you not think five (5) other contractors looked at that and said, "Why am I going to waste my time? I cannot do it for that amount." So now you took two (2) bids and we are adding five hundred twenty-five thousand dollars (\$525,000); do you think it is fair for the other guys that did not put in the bid because the money was not there? So now we are upping it to one million two hundred thousand dollars (\$1,200,000); should we not reopen this bid because now these other guys say, "Hey, I can do it for that." But they are getting turned off because we are putting in...I do not know who is doing our...

Mr. Tabata: So it becomes a decision. I was not aware of what is going on with the other comfort station and if it is a sense of urgency, we would like to expedite this contract as soon as possible. I am not sure about the procurement issues with purchasing.

Councilmember Brun: I understand that and probably what we need to really look at to stay out of...like Councilmember Kagawa said, the guy said that he could do it cheaper for that. So for them at seven hundred twenty-eight thousand dollars (\$728,000), now we have one million two hundred thousand dollars (\$1,200,000), maybe they can do it for one million dollars (\$1,000,000), but we are not giving them a chance because they money was not there. So that is what we are looking at. Maybe we need to really look at how we estimate things if we are off by five hundred thousand dollars (\$500,000) and maybe we are turning off contractors because they are like, "I cannot do it for that much," but now we get extra money, "Hey, I want a chance to bid at it." Maybe we should open it again.

Mr. Fujimoto: My experience is that if you are a contractor...again, that opens up a good point, but obviously we are in a situation where there must be a lot of work and that is why we only had two (2) bidders. So the question is whether they still would bid even though the price is higher. Now they know that they have to compete with the low bid of this. That is the risk we have to take.

Council Chair Rapozo: I am going to end there because we have to take a caption break. With that, hang tight, we will take a ten-minute caption break. Councilmember Yukimura, you have the floor when we get back.

There being no objections, the meeting recessed at 11:09 a.m.

The meeting was called back to order, and proceeded as follows:

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: Thank you. I just want to say that these two (2) projects are so long-awaited and so important, so I like that we are moving ahead and I appreciate how you are taking on each obstacle or problem as it comes. Starting with Salt Pond, the small pavilion will be addressed with the...

Mr. Tabata: Would be connected.

Councilmember Yukimura: Okay. In the planning and design, did you take into account possible expansion of Salt Pond?

Mr. Fujimoto: Yes, that was one of the biggest concerns of the community. I think based on our design, we believe that we have a lot of capacity for future expansion.

Councilmember Yukimura: Okay. Excellent. For Moi Road, which has also been so long-awaited, the new upper sidewalk, that was not initially included in the project?

Mr. Tabata: No.

Councilmember Yukimura: That is not an existing sidewalk, right? So that has to be a brand new one?

Mr. Tabata: I believe so, yes.

Councilmember Yukimura: So was it basically an oversight? I am glad that you are catching it now.

Mr. Tabata: Yes. When we came forward, it was to connect Hanapēpē Road to the sidewalk, but then when we did site visits and looking at everything, we saw that there is an upper section, too.

Councilmember Yukimura: Okay. It is great that you are including it in the project. At the lower end where it comes to Hanapēpē Road, how does a pedestrian go once they get to the end of the sidewalk?

Mr. Tabata: That will be connected to the Hanapēpē Road retrofit project that is presently on the Statewide Transportation Improvement Program (STIP).



Councilmember Yukimura: Okay and the retrofit project means what?

Mr. Tabata: So we have a project on the STIP for Hanapēpē Road from end-to-end, to provide for pedestrian, bicycle, or vehicle facilities. Also, at this junction, connect to Salt Pond with a pedestrian/bicycle facility.

Councilmember Yukimura: Okay, so it just does not end in nowhere, like some of our sidewalks?

Mr. Tabata: For now, we are just going to have to taper it to connect to the road right-of-way and the road shoulder. When the Hanapēpē Road project comes in, it will all connect.

Councilmember Yukimura: Is there a crosswalk to get across Hanapēpē Road or is that also part of the...

Mr. Tabata: I believe there is.

Councilmember Yukimura: There is right now?

Mr. Tabata: Yes.

Councilmember Yukimura: I do not see it, but it will go right across where that intersection is on that side of the road?

DEVIN QUINN, Civil Engineer I: Devin Quinn. That is going to be part of the resurfacing project on Hanapēpē Road. It is not there now.

Councilmember Yukimura: Okay. Devin, is this your first time before the Council?

Mr. Quinn: Yes.

Councilmember Yukimura: Welcome aboard, our new Engineer, Devin Quinn.

Mr. Quinn: Thank you.

Councilmember Yukimura: What is the timetable on the Hanapēpē Road project?

Mr. Quinn: 2020, I believe.

Councilmember Yukimura: Okay, so in another two (2) years.

Mr. Tabata: To completion, yes.

Councilmember Yukimura: To completion and that is end-to-end, and then the path to Salt Pond, which I love, that is a future project? Are you in your planning and design phases?

Mr. Tabata: Yes.

Councilmember Yukimura: Okay.

Mr. Tabata: Planning and environmental.

Councilmember Yukimura: Okay. Thank you. It is very exciting and I am sure the people of Hanapēpē Heights will be happy with this.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: In particular, Mr. Nordmeyer, who used to work for the County, said that he walks every day from the Heights to the bus stop, which is located down. My question is do you have any pictures of the existing sidewalk? That thing really has no rhyme or reason where it stops and where it ends.

Mr. Tabata: Yes, we do.

Councilmember Kagawa: How much feet is that approximately?

Mr. Quinn: Like one hundred (100). It is very small.

Councilmember Kagawa: It is a paved sidewalk that really has no rhyme or reason, but it stops. So approximately when was that first sidewalk built? Do we know what year? Twenty (20) years ago? Thirty (30) years ago?

Mr. Tabata: I am not sure.

Councilmember Kagawa: So then the next plan...Mr. Nordmeyer lives further *mauka*; is the plan to extend the sidewalks in the future so that Mr. Nordmeyer does not have to walk on dirt and grass and then hit the pavement? Is that the plan that we have?

Mr. Tabata: Because Moi Road is a Federal aid road, the next opportunity for a project that we can develop, I would imagine would include...

Councilmember Kagawa: So we try to maximize the Federal matching as we repave the road and improve the sidewalk?

Mr. Tabata: Right.

Councilmember Kagawa: That road is pretty bad.

Mr. Tabata: It is in our plan to get to. As you mentioned, we have some higher necessity roads versus priority and those are the first on the list right now.

Councilmember Kagawa: Thank you.

Council Chair Rapozo: Any other questions for the Administrations?  
Seeing none, thank you.

Mr. Tabata: Thank you.

Council Chair Rapozo: While the rules are suspended, is anyone in the audience wishing to testify on this?

Mr. Hart: For the record, Bruce Hart. I was glad to hear the reason for the removal of the funds from Olohena and really glad to hear that Olohena is one of the first projects. I know that Lyle the rest of them know this, all of you know this, Olohena is so bad that it is dangerous at night. I really am looking forward to that being improved. The other thing that came up was Councilmember Brun's suggestion that the bidding go back out. I think there are two (2) reasons that I am in favor of that: one, is it fair to all of the contractors that are out there that they have another opportunity since we have increased it so much, and the other thing is what Councilmember Brun said that there is a possibility that we could actually come in somewhat under what is being asked for, maybe there is a contractor that can do it for one million dollars (\$1,000,000) instead of the rest of it. Thank you.

Council Chair Rapozo: Thank you. Anyone else?

Mr. Sykos: For the record, Lonnie Sykos. In the earlier topics discussed today, there was continual reference to efficiency. Today's agenda item is gross inefficiency. It is not just a matter of how do we clean this up; it is what steps can be taken that we do not go through this again? So I will give you a lesson about export from Kaua'i—I went to high school overseas and one of my classmates was a girl from Kaua'i, her family is from here. So I got introduced to salt from Kaua'i when I was fourteen (14) years old. The thing that astounded me was that it was given away. The cultural practice of Kaua'i is world-famous at Salt Pond. It is inconceivable that you could have a project next to those salt ponds that you would dig into the ground and not require an archaeological person there. It is just standard practice, not to mention you are right next to this historic, famous cultural activity. So my question for the Council is how do we prevent these things from occurring in the future? Just the expense of the thousand dollars (\$1,000), five hundred dollars (\$500), or whatever it cost for the time spent on this agenda item here is money that could be better spent on something else. So the failure to recognize the upper sidewalk would need to be built or repaired...I am not sure...I think it needs to be built from scratch, if I understood. But the two (2) failures are small on the one hand, but on the other hand, they are indicative of how much money we spend that does not have a direct return for us, money that is basically wasted. So my question for you folks to ponder is what can we do to prevent these things from occurring in future? Thank you.

Council Chair Rapozo:                    Anyone else? Did you have a question for him?

Councilmember Yukimura:                No, I have a question for Public Works.

Council Chair Rapozo:                    Public Works.

Mr. Tabata:                                Lyle Tabata, Acting County Engineer.

Councilmember Yukimura:                Thank you. You may have said it and I just missed it, but the Olohena Road improvements fund that we are taking the two hundred forty thousand dollars (\$240,000) from; why is it that we are able to take that money?

Mr. Tabata:                                We have multiple sources of funding for Olohena Road, of which thanks to the Council for approving the GE tax initiative, we have that as a source of funding to help us.

Councilmember Yukimura:                Okay, so you are going to get it from GE tax?

Mr. Tabata:                                We wanted to keep CIP together, we had CIP.

Councilmember Yukimura:                Okay. So it is not that the Olohena project is going to be shorted anything?

Mr. Tabata:                                No. In fact, I was just mentioning that to Mr. Rezentes that we hope to start some reconstruction of the bad areas within one (1) month or two (2).

Councilmember Yukimura:                Okay. The Ka'ana Building energy initiatives where you are taking five hundred thousand dollars (\$500,000) for the Salt Pond wastewater improvements...we are able to take that away because?

Mr. Tabata:                                Presently, the project is not moving. It does not have a project manager, so in time when we find somebody to tackle that project, we can refund it.

Councilmember Yukimura:                Under whose office is that?

Mr. Tabata:                                Well, we were not sure yet, but I imagine eventually that it would be under the Building Division and Doug Haigh.

Councilmember Yukimura:                Okay. Thank you.

Council Chair Rapozo:                    Any other questions?

Mr. Tabata:                                Normally, when we do a project in the middle of the roadway, we do not have to do archaeological monitoring, but because of the sensitivity of the location, we agreed to bring archaeological monitoring on. The road

is already improved and when we go and do work, say in a Federal aid project, we get what is called a “categorical exclusion” so that we do not have to go through the National Environmental Policy Act (NEPA) exercise, because the road is already improved.

Councilmember Yukimura: So it was after the planning stage and after you went out to bid that this issue came up?

Mr. Tabata: And additional community concerns to have an archaeological way with the State Historic Preservation Division (SHPD) to have somebody on site while the project is going.

Councilmember Yukimura: So the planning process is part of consulting with the community, right?

Mr. Tabata: Yes, so that brought it to light.

Councilmember Yukimura: Okay. Thank you.

Council Chair Rapozo: Lyle, I have a question—are you saying that the five hundred twenty-five thousand dollars (\$525,000) is only for that cultural...

Mr. Tabata: No.

Council Chair Rapozo: It was more than that, right?

Mr. Tabata: Yes, we had to reroute the pipeline to accommodate what the salt community was asking.

Council Chair Rapozo: I just do not want the public to think that we are spending five hundred thousand dollars (\$500,000) on a person to watch them dig a hole.

Mr. Tabata: No.

Council Chair Rapozo: Thank you very much. I will call the meeting back to order. Any further discussion? Councilmember Kagawa.

There being no objections, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: For me, it is kind of concerning to see that we have only two (2) bidders, especially for the Salt Pond project. I remember one of the concerns came in from a source inside Public Works that expressed to me some concern about our road repaving projects when we only had two (2) bidders, and what they said they suspected was going on was that these two (2) bidders were taking turns on projects, so one would bid high and one would bid low. Basically, they had a monopoly over our bids on road repaving. So we were paying a much higher price. That is why I mentioned earlier about having an upset price where you have an upset

price and that would be the absolute minimum that we would drop to pay. If you look at the Salt Pond one, you are talking about five hundred twenty-five thousand dollars (\$525,000) under what we thought it would have been. That is a huge error with your pencil and your calculator. I am not saying that moneys could have been saved, but with two (2) bidders, I do have concerns that perhaps we have that same thing that was going on with the road repaving as we do with these type of bids. It is not Public Works' fault that we do not have enough contractors willing to bid on these large County projects, but do we just ignore it or do we try and save that five hundred thousand dollars (\$500,000) wherever we can and change the process? So I hope the next Administration coming in would perhaps pay some attention to those things. It makes finding the four million dollars (\$4,000,000) for affordable housing a lot easier if we can minimize our losses in areas that are much easier. As far as the Hanapēpē Heights pedestrian improvement, I think it is long overdue. I have done numerous requests over the six (6) years of Steven Kurokawa and Mr. Nordmeyer always asking me, "When," and we have had it in previous budgets before and now it looks like it is finally ready to move, so I am happy for that. Just also concerned that we will have that piece done and we are going to wait thirty (30) more years to finish the rest of the piece. Certainly, if you are going to make the walkway available for half the residents, then make it available for all or at least try to. Hopefully, we will take those steps, as Lyle mentioned that we are going to try to utilize 80/20, which is always the best way to go. Hopefully, those come true. I hope that thirty (30) years from now we are not looking at this project being completed and asking the same question of, "Why did we not go all the way?" Thank you.

Council Chair Rapozo: Thank you. Anyone else? Councilmember Chock.

Councilmember Chock: I also want to thank our Administration. It is sort of bittersweet that we have had to wait so long in order to get this far, but I am very appreciative that we are moving forward, because it is so needed and something that the community has been asking for in terms of the sidewalk, and even for addressing Salt Pond. In fact, my mother would walk up and down to the bus stop, and because there is no sidewalk, has on occasion fallen and tripped. So I think that when we think about our *kūpuna* and also the children who walk up and down Moi Road, I think it is really important that we move and expedite this to get it done for safety reasons. I think for those who live in Hawaiian Homes or up on Moi Road, they know that speeding also becomes an issue. Any safety mechanisms that we can put into place, we know that sidewalks are one of those things that we need for it and to create a safer environment is important. I just want to thank the Administration for moving forward on it. Thank you, Council Chair Rapozo.

Council Chair Rapozo: Thank you. Anyone else? Councilmember Kagawa.

Councilmember Kagawa: I just want to follow-up on Salt Pond as well. We had an opportunity with the floods to improve the outlook of the visitors on the west side. A lot of the visitors, instead of going down to Hā'ena, they are now going down to the west side. I went to Salt Pond recently and it was packed. The conditions of Salt Pond with that restroom closed leaves a very horrible impression. It is

basically permanent camping for the homeless, but beyond that, it is things that the County can do. That restroom being closed is terrible. They have portables...I heard that the conditions have improved and we have added a couple of more. But we had an opportunity to boost the outlook of Hanapēpē and Salt Pond with the visitor industry and I am disappointed that we have not done more. Basically, it is like, "It is all we can do," but "all we can do" is not enough when you have that opportunity to impress our visitors, have them patronize the west side, and we have the bathrooms and just the whole facility in the condition that it is. It is pretty sad and disappointing. Thank you, Chair.

Council Chair Rapozo: Thank you. Anyone else? I will just say that I am so excited that the walkway is finally going to be put in. I can remember asking the late Mayor Baptiste, "How hard is it to put a walkway?" The community has been asking for that for decades, so it is really exciting to see that this is finally being done and I want to thank the Administration for making this happen. I want to really highlight...earlier today, we talked about a Charter Amendment that was going to put down some costs or we have to go find money next year, the year after, and the year after, but today is July 11<sup>th</sup> and it is not even two (2) weeks into the new fiscal year. We just started on July 1<sup>st</sup>, today is the 11<sup>th</sup>, and we have a request to transfer seven hundred sixty-five thousand dollars (\$765,000) already. This was not expected when we went through the budget. Things happen. Things break. Again, eleven (11) days into the fiscal year and we are already taking money from somewhere else to take care of what needs to be done. So I want the people to understand that it is very simple to say that we will find the money, but this is just one example. There will be many more before this fiscal year is over. There will be many more issues that come up that this Council and the Administration is going to have to go find the money. So I think the people need to be cognizant of that, that we do not print money like the Federal government. If we need to move money some place, it has to come from somewhere else. This could not have happened at a better time, I think, for the people and the public to understand that things happen and this body and the Administration has to find areas where we can take from, which brings me over to my last question...I am not going to ask it on the floor because I am going to send it over in writing, staff, so please take a note—we just went through a budget session, which was explained to us about the Ka'ana Building project...over five hundred thousand dollars (\$500,000) that this body was told that we need to get done and that we were ready to go. Again, eleven (11) days into the new fiscal year, we are told, "Well, it is not really ready." So that five hundred twenty-five thousand dollars (\$525,000) could have been used for something else. It could have been used for another shovel-ready project or something else. I would like a list from Public Works, Parks, or whoever else in the Administration of all the projects in our CIP budget, General Fund, or any of our construction projects of what is not ready and what, in fact, moneys are available for affordable housing or whatever the needs are. That is not a small amount, that is over five hundred thousand dollars (\$500,000) that this Council was led to believe that we were ready to move and then today we are not. If we can get that sent across, I would appreciate it. Thank you very much. The motion is to receive.

The motion to receive C 2018-150 for the record was then put, and unanimously carried.

C 2018-151 Communication (06/27/2018) from Councilmember Yukimura, transmitting for Council consideration, a Proposed Draft Bill to amend Section 5A-6.4(c) and Section 5A-11A.1 of the Kaua'i County Code 1987, as amended, relating to Real Property Tax, to allow for owners (landlords) who participate in the County's Long-Term Affordable Rental Program to qualify for the Homestead tax classification and tax rate if their tenant is operating a day care center as a licensed day care provider: Councilmember Yukimura moved to receive C 2018-151 for the record, seconded by Councilmember Kagawa.

Council Chair Rapozo: Any discussion?

Councilmember Kagawa: Are we discussing it now?

Council Chair Rapozo: Again, the rules will apply.

Councilmember Kagawa: I have a question for Councilmember Yukimura.

Council Chair Rapozo: If you choose to do it now, we will just do it now, and then we will get to the bill and just vote. Did you have a question for anyone?

Councilmember Yukimura: Well, I was just going to explain to everyone.

Council Chair Rapozo: Please do that.

Councilmember Yukimura: Yes. This was brought to me by People Attentive To Children (PATCH) and a few of the childcare providers, because of the concern that we would be discouraging licensed childcare in homes if in the case of a landlord and tenant, the tenant does licensed childcare, then they become a commercialized use, unless we give them a homestead class, like we give homeowners who are licensed caregivers. They are not affected by the fact that they have a business in the home. They still keep the homestead classification and rate right now. I think we can attribute that to the late Councilmember Bynum who was very aware of how important licensed childcare is and how they would be affected, but we did not think about the landlord-tenant situation in which licensed childcare is provided. We are just bringing some equity to a landlord-tenant situation. I am open to questions.

Council Chair Rapozo: Councilmember Kaneshiro.

Councilmember Kaneshiro: In looking at this proposal, do you think commercialized home use might be a better or more appropriate tax rate, rather than homestead?

Councilmember Yukimura: We will hear testimony at the public hearing, but it will discourage childcare providers from existing...they are already in such shortage and I think the latest figure was less than thirty percent (30%) of our kids are in some kind of good preschool or certified childcare and it is a really big issue in



terms of the well-being of our *keiki*. Well, maybe we can have Steve come up and explain.

Council Chair Rapozo: We will call him up. Councilmember Kagawa.

Councilmember Kagawa: My question is does any of the counties in Hawai'i have something similar like this? Did we follow anything?

Councilmember Yukimura: I do not know. We can find out between now and the public hearings.

Councilmember Kagawa: Okay. I am just curious. How did you get this idea?

Councilmember Yukimura: As I mentioned, PATCH, which is "People Attentive To Children," a group that helps this level and watches over this level of well-being for the *keiki* came to us with this problem.

Councilmember Kagawa: Okay.

Councilmember Yukimura: The landlords are really trying to accommodate good childcare for our kids and then they get a higher real property tax rate because of it.

Councilmember Kagawa: I just need to see an overall...I want to know what is going to be the benefit to the people who bring their children there. If this legislation is passed, are they going to get a cheaper rate? Or is it just that they need it in order to survive and the parents will still not benefit with lower rates or anything?

Councilmember Yukimura: The parents are benefitting from the availability of certified childcare because there is such a lack. If you talk to parents of young children, finding good childcare that is affordable is very, very difficult.

Councilmember Kagawa: Again, if we are the first to pass this kind of stuff, I want to hear all of the details. I do not want to be the guinea pig and then find out, "Wow, you folks passed this and there was no benefit to the other part of the community." I brought my kids to Kaua'i Economic Opportunity (KEO) and they were great. Is KEO still there? I am not sure.

Council Chair Rapozo: Real quick—how many licensed daycare centers or operators or providers do we have on Kaua'i?

Councilmember Yukimura: I do not know that.

Council Chair Rapozo: I guess I need to know how many would be impacted. Is it just one (1) organization, one (1) house, or...

Councilmember Yukimura: I think maybe Steve has the answer.

Council Chair Rapozo: We will get Steve up. Also, what will the impact be? There is going to be a revenue loss. I am not sure what that will be. It is hard if we do not know the numbers. The other thing is what is the limit? How many children can one (1) licensed provider accommodate? I know it is not cheap. One of the complaints I am having is just the cost of childcare, six hundred dollars (\$600), eight hundred dollars (\$800), one thousand two hundred dollars (\$1,200) a month. What is the limit? It is eight (8) or ten (10) per licensed provider? I am not sure what it is. I kind of agree with Councilmember Kagawa that is there going to be some sort of benefit that was going to go down to the parents? Is there going to be discounted rate because of this? Councilmember Kaneshiro.

Councilmember Kaneshiro: Going back to my question, as far as taxes goes, we are trying to assess things fairly and equitably, and here we have a business that is operating for-profit out of a home and we have a tax rate called "commercialized home use" which anyone can operate a business out of their home and get that commercialized home use rate. I think that is what the commercialized home use rate was for, to reduce the homeowner's taxes if they are working out of their house, compared to paying a commercial rate or something. So I am just asking would that be more of an appropriate tax rate than giving this one particular industry the homestead rate, because then where does it end in giving people this homestead tax rate when they are operating a business?

Councilmember Yukimura: I would like the answer to your question, Chair. What was it? About how many children are allowed...these licensed childcare providers are very strictly regulated and I do not know the exact number.

Council Chair Rapozo: That is what I need to know. They better be strictly regulated since they are dealing with kids, but I need the numbers.

Councilmember Yukimura: Well, based on safety and how much attention you need to give and so forth.

Council Chair Rapozo: Councilmember Kawakami had a question.

Councilmember Yukimura: Six (6) is the number.

Councilmember Kawakami: I do have some background on the issue and the only reason why is...what is her name?

Councilmember Yukimura: Mary-Lou Kelley.

Councilmember Kawakami: Yes, Mary-Lou Kelley's office is right next door to an office that I have to go visit frequently, so she pulled me on the side and the issue at-hand is the housing issue. You have a landlord that is participating in the long-term rental program, so they are getting a good incentive and there is a number of daycare providers that are licensed that they cannot afford a home, so they cannot operate their daycare. One, they do not have a home, and two, landlords that want to participate in this affordable long-term rental program, it does not qualify as a use. So you have these people that are licensed, you have a need because there is a

lack of childcare right now, like people are on waiting lists to get their kids into childcare programs and there is this willingness from operators, but they do not have that incentive to be able to rent and operate. That is the actual need now. What the fiscal impact is, we are going to have to weigh it, but that was the basic problem that I think they were trying to solve with this issue. It came up at the state legislature and then we were like, "That is something that is in the County's jurisdiction." So it has been an ongoing problem. As far as how much they charge, I do not know what it is...I could not tell you. But that is the problem that we are trying to deal with.

Council Chair Rapozo: Councilmember Chock.

Councilmember Chock: So just to clarify, if residents is in commercial home use, then they are not eligible for the long-term affordable...

Councilmember Yukimura: Right.

Councilmember Chock: So it has to be in homestead in order for them to be in the long-term, right?

Councilmember Yukimura: Well, the long-term affordable classification gives them a homestead tax rate.

Councilmember Chock: Okay. Thank you.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: At the committee meeting, when we hit the committee meeting, my former high school baseball teammate Kelly Robinson is in charge of the State Department of Social Services that oversees the licensing of these daycare places, so if we can ask Kelly to be here, because I think we need to hear all of the information. I think it would be better. We are hearing what is coming from PATCH and it is good to hear confirmation from the agency that actually oversees and inspects these places and knows about the problem on Kaua'i. I think it would be great to ask Kelly for his presence.

Council Chair Rapozo: So what I am hearing is that this is not really to give aid or assistance to existing, but more to encourage operators to get into providing...more landlords to make their properties available, because that is what it sounds like.

Councilmember Yukimura: Well, actually, it came to us because the landlords who are renting at the long-term affordable rate are now being imposed with a new classification. So it is affecting the existing people. It will definitely affect any prospective landlord who is being asked by a tenant, "Can I do certified childcare?" If it affects his tax position, then it will be a factor in his decision.

Council Chair Rapozo: Okay. Understood.

Councilmember Yukimura: So it is affecting both existing and prospective.

Council Chair Rapozo: Got it. Did anyone need Steve up here? Steve, are you prepared with numbers today? I will suspend the rules.

There being no objections, the rules were suspended.

STEVEN A. HUNT, Real Property Tax Manager: Steve Hunt, Real Property Tax Manager, for the record. I also contacted the Department of Human Services (DHS) Childcare Licensing to find out information on this as well. Again, just for a little historical perspective, this was related to Ordinance No. 920, which was approved in December 2011, which they taxed on use the way, rather than tax on zoning, and then daycare came into the ordinance through Ordinance No. 953 in September 2013. This was actually before we did have the commercialized home use class. So again, it was not the Administration who put the daycare on here; it was the late Councilmember Bynum that included that to make it part of homestead. The commercialized home use came as Ordinance No. 978 in October 2014. It might have been appropriate at that time to maybe reconsider daycare as part of the commercialized home use, which is again the second lowest tax class rather than where it is going currently, which is full commercial. In finding out about the types of daycare facilities that are run, there are actually three (3) categories: the first is called "Family Childcare," which includes anywhere from two (2) to six (6) students or kids that are looked after; the next is called "Group Childcare Home," which is up to twelve (12) students and typically they require an additional staff member to be involved or an assistant of sorts to make sure that the kids are being looked after when they get that large; then there is another one called "Group Childcare Center," which would be more than twelve (12) and it actually requires an occupancy permit as well. So it usually is taking place in a full commercial center and not in somebody's home when you get to that category. The way I see this is that you probably have four (4) types of classifications currently: you have those that are homeowners with exemptions that are running daycare facilities and those would both be licensed and unlicensed. Those that are licensed would be eligible for the homestead and those that are unlicensed, but have home exemptions would then fall into the commercialized home use. You have tenants that are paying market rent using their home. All of those, if they are running a daycare facility, would be considered "commercial" under the current tax on use. You have tenants that are renting at the affordable rate, affordable long-term renters. Currently, they are in the commercial class when they are doing it. Under this proposal, they would go to homestead. Then you have the group centers, which again, would be fully commercial.

Council Chair Rapozo: Can you explain because you said "licensed" or "unlicensed"?

Mr. Hunt: Correct, there are people that are doing daycare that are not licensed with the State.

Council Chair Rapozo: And that is not legal?

Mr. Hunt: I cannot comment on whether that is legal or not.

Council Chair Rapozo: No, I am asking because I really do not know. Is it a requirement to have a license to operate a daycare center in Hawai'i? I would assume so.

Mr. Hunt: I would think so, but again, I know that there are people that are running them without a license, that are unlicensed.

Council Chair Rapozo: Right. I know we have a lot of grandmas doing that and I am not against it. I am just saying how does the County differentiate?

Mr. Hunt: Currently, if you are an owner-occupant with an exemption and you want to run a daycare and you want to continue getting the homestead, you have to submit a copy of your license. We can tell if they are licensed because they submit for it, we do not know if they are unlicensed.

Council Chair Rapozo: Right, so how would we charge them a commercial rate if they are unlicensed? How would we know?

Mr. Hunt: Well, sometimes it is reporting neighbors. Obviously, if you have someone with six (6) to twelve (12) kids in there and there are cars coming in and out throughout the day, you might get complaints.

Council Chair Rapozo: So let us say that someone calls and says, "Hey, my neighbor has a daycare and they are not licensed," all we, as a County, do is just change the class and charge them the higher tax rate and not turn them into the State? I do not know...it seems awkward that we would tax or make money off of an illegal use.

Mr. Hunt: Again, we do that with the Transient Vacation Rentals (TVRs) as well, right? If they are running a TVR, we tax them at the TVR, whether they are not...

Council Chair Rapozo: Yes.

Mr. Hunt: Yes...

Council Chair Rapozo: Well, we regulate TVRs, not the State. So that is our choice, across the street, not to go enforce.

Mr. Hunt: Right.

Council Chair Rapozo: This is "apples and oranges" because this is not County-regulated, this is State-regulated. Anyway, I get the picture. That is kind of concerning. Any other questions for Steve?

Councilmember Yukimura: Thank you for all of this information. The unlicensed homeowner is taxed at what rate?

Mr. Hunt: If we are aware that we are running a commercial business and charging for daycare, then it would be commercial.

Councilmember Yukimura: It is not commercialized home use?

Mr. Hunt: It is commercial. If there is an exemption that is an owner-occupant that is doing it unlicensed, then it is commercialized home use.

Councilmember Yukimura: Sorry, try that again...

Mr. Hunt: So if it is a tenant that is running it...

Councilmember Yukimura: Oh, tenant...

Mr. Hunt: We do not distinguish between the types of commercialized home uses, whether you are renting a second home on your property at market rates, whether you are doing a bed and breakfast, whether you are doing a TVR, commercial, and industrial uses—it is all commercialized home use.

Councilmember Yukimura: So if it is a tenant that is running a licensed daycare or childcare, then they get a commercialized home use...no, a commercial?

Mr. Hunt: Correct. Under your proposal, they would be going to homestead if they are falling under both licensed and under the long-term affordable rent.

Councilmember Yukimura: Right. The Group Childcare Center would not really...it does not work coming out of a home, does it?

Mr. Hunt: These are larger facilities and likely in retail or office types of space.

Councilmember Yukimura: Right. So it is not something that would be a matter covered by this or even touched?

Mr. Hunt: No, but I think because we really do not define what daycare is here in any of this, it might be prudent to add that whether you want to limit to the Family Childcare which is up to six (6), or whether you also want to include the Group Childcare home which is up to twelve (12).

Councilmember Yukimura: Yes. I think Vice Chair Kagawa's suggestion that we talk to Kelly Robinson would be a good idea.

Mr. Hunt: Yes. I believe for PATCH, the average cost is about six hundred forty dollars (\$640) a month, but I think the maximum you can charge is seven hundred fifty dollars (\$750) a month.

Councilmember Yukimura: So the State regulates the amount you can charge? Okay.

Council Chair Rapozo: You said in 2013 that Ordinance No. 953, the childcare was in the homestead?

Mr. Hunt: Yes, that is where it got added to include in the homestead definition that daycare providers with exemptions would be considered homestead.

Council Chair Rapozo: Got it.

Mr. Hunt: The only other commercial use that we also allow in that is commercial agriculture. So if you are doing an agricultural dedication on the same property you live in, it is really commercial agriculture, but you are allowed to be homestead in that situation as well.

Council Chair Rapozo: Okay, that makes sense. I do not think we had a discussion after Ordinance No. 953 when we did the commercialized home use regarding childcare. I do not remember having that discussion to exclude them and keep them in homestead.

Mr. Hunt: We did.

Council Chair Rapozo: We probably should have back then. Councilmember Kagawa, do you have a question? Any other questions of Steve? Councilmember Kaneshiro.

Councilmember Kaneshiro: I guess my question is would it be more appropriate to just...if it is a commercial operation and they are operating out of a home, then it would be commercialized home use, rather than trying to split hairs? I mean I could see other people coming in saying, "We do the community a service also, so we should be homestead rate," and then we get down this gray line of who deserves to get homestead rate and who should be commercialized home use?

Mr. Hunt: I think the more you parse it out, it gets more difficult because if you really look at the original definition of homestead, it is used exclusively as your primary residence and now we are exclusively plus and exclusively plus plus. So you make a good point of where does that end and what is exclusive use now of your home.

Council Chair Rapozo: Anyone else? Any questions for Steve?

Councilmember Yukimura: Are you able to give us the fiscal consequences?

Mr. Hunt: I really do not know how many meet both criteria being a long-term affordable rental and a childcare, which is the bill, but if you are also looking at those who have homeowners exemptions, we would have to

look at both classes if you are considering commercialized home use for both sets as opposed to just the long-term tenants.

Councilmember Yukimura: Do you have the data or do you need the data from the State?

Mr. Hunt: No, the data would be from us. We would have to look at what we have classified. The State may have additional information. There may be others that are out there that we are unaware of that are doing it out of their homes.

Councilmember Yukimura: Okay, so would you be able to get the information or do you need something from us?

Mr. Hunt: I can get the information internally, but as far as the State, say we have a dozen or so that meet the criteria of being owner-occupants that are running daycare, but there may be two dozen that are out there doing it that the State has knowledge of, then we may be missing some information.

Councilmember Yukimura: Okay. We are going to set a public hearing and get back to committee, so that will give us some time to get that information. Thank you, Steve.

Council Chair Rapozo: Thank you very much, Steve.

Mr. Hunt: Thank you.

Council Chair Rapozo: Anyone in the audience wishing to testify?  
Mr. Hart.

Mr. Hart: For the record, Bruce Hart. I do not have to bring up most of the peripheral issues as they were brought up by Councilmembers. I know that is not specific to the agenda item, but since you folks brought it up, I am concerned about daycare centers. It is really hard...I have heard from Councilmembers that there is a shortage and I agree, but in general, I am for keeping residential areas residential. We saw what happened and I know some people are going to say, "Well, it is not TVRs," but are we going to turn residential homes into businesses? There is a really difficult perspective that there are mothers who stay home and they have children over and it is not a business. They offer to do it for their friends or whatever, which is a great thing. Then you try and craft an ordinance that would say that is not illegal, but then you have to be licensed if you are going to do it as a business and of course it would be a matter of are they making money from doing it or are they just doing it as a favor to friends and family or whatever? So this whole subject I am curious to see where it goes because I have concerns about all of the things that were brought up. Again, I know they are not specific, but I agree with Councilmember Kaneshiro that this kind of commercial and what was said is that it is residential plus and how it affects the neighborhoods with parking and with noise. Thank you.



Council Chair Rapozo:

Thank you. Anyone else?

Mr. Sykos: For the record, Lonnie Sykos. For full disclosure, I have no young children and I am not intending to have young children, so I do not have a personal dog in this fight. I will state that two (2) houses away from me is a daycare, a home that also does daycare. The traffic has never been a problem. I walk to the bus in the morning, like to come here, right by their house and I do not even see the cars dropping the kids off. When the kids are out in the yard playing, which is a small amount of time, it is a joy to hear them. For the rest of the time, they are either inside taking naps or whatever. So the issue of childcare in a residential neighborhood, I would point out that that is a commercial activity, but the point of having a house is to have kids in it. The whole point of having a house is for people to live in it and use the house. The point of a house is not to have a real estate license or not to have an auto repair facility in your garage, although you could. To me, if you are going to create an exception, which is what apparently needs to be done for the homestead class, I can rationalize creating an exception for childcare and I spent a couple of hours thinking about this, for whatever perverse reason I spent that much time, but I could not come up with another use of a house that met the same criteria that childcare did with all of the commercial things I thought about that were done in a house. It may not lower the price of childcare, but it will definitely drive up the price if the property taxes go up because childcare is occurring inside the house. I do not see it being realistic that it is going to impact our rental market of people taking homes out of rental and turning them into childcare facilities. I do not think that is real. I do not see a downside in this. The potential downside is letting the camel's nose under the tent for commercial activity inside residential areas, which I am utterly opposed to. I would support this.

Council Chair Rapozo:

Thank you. Seeing no further testimony, I will call the meeting back to order. Councilmember Kagawa.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Kagawa: For me, I think I would like to hear from the State as far as it being a State issue. Perhaps the State has plans to address some of PATCH's concerns. I would rather see that rather than the County trying to fix a State issue by changing the taxes to just accommodate a few and I do not know what the unintended consequences, like Councilmember Kaneshiro mentioned, would be later. Definitely, we can make it productive whether we pass or do not pass this Bill with Kelly Robinson coming from the State, educating us on this State issue so that we can make a good decision on this County bill. Thank you, Chair.

Council Chair Rapozo:

Councilmember Yukimura.

Councilmember Yukimura: I just want to thank everyone. This has been a good vetting and the questions are very legitimate, and because it is happening at first reading, we will be able to do the research and have some information back by committee for sure. So thank you all.

Council Chair Rapozo: Thank you. Councilmember Kawakami.

Councilmember Kawakami: Thank you, Council Chair Rapozo. I think this is a good process to vet the issue at-hand. Just based on PATCH's numbers, they did an assessment in 2017 on the average monthly full-time rates for childcare and the average rate would be about six hundred fifty dollars (\$650), and then statewide, on the high side, it is about seven hundred fifty dollars (\$750). Based on that, and the numbers they are allowed to watch after, these operators, at six hundred fifty dollars (\$650) and if they are maxed out with six (6) children in their home, it turns out to be about three thousand nine hundred dollars (\$3,900) a month of income, which translates to forty-six thousand eight hundred dollars (\$46,800), and then you factor in rent and utilities. So if the average is the average, they are definitely not banking on a lucrative type of operation, but I think we have to take a look at the unintended consequences and see what the other options are. I definitely think that it is an issue that we need to address. Thank you.

Council Chair Rapozo: Anyone else? Thank you. I really want to honor what the 2013 statute...the exemption for childcare, which we had in place. I do not think it will be a problem, Steve, to look back at the tax years. Are we able to tell how many exemptions used were because of the childcare exemption in our homestead class from 2013? Would that be a possibility? It is not, right? Okay. I do not think the impact would be severe and if it would create more opportunities for owners or landlords to open up their homes for childcare, because I agree that we are very short and we need help on that. I am cognizant of the impacts as well. It would be a great discussion coming up.

The motion to receive C 2018-151 for the record was then put, and unanimously carried.

Council Chair Rapozo: Next item, please.

Ms. Fountain-Tanigawa: Chair, we are on Claims.

#### CLAIMS:

C 2018-152 Communication (06/21/2018) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Deborah O. Johnson and Michael D. Johnson, for damage to their property, pursuant to Section 23.06, Charter of the County of Kaua'i.

C 2018-153 Communication (06/25/2018) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Carlos Canales, for damage to his vehicle, pursuant to Section 23.06, Charter of the County of Kaua'i.

C 2018-154 Communication (06/26/2018) from the County Clerk, transmitting a claim filed against the County of Kaua'i by Ramiro Ortiz, for damages to his vehicle, pursuant to Section 23.06, Charter of the County of Kaua'i.

Councilmember Kagawa moved to refer C 2018-152, C 2018-153, and C 2018-154 to the Office of the County Attorney for disposition and/or report back to the Council, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: Discussion or public testimony? I will suspend the rules.

There being no objections, the rules were suspended to take public testimony.

Mr. Sykos: For the record, Lonnie Sykos. Because I am a member of the public, I am the one who is actually going to pay this bill since it is collectively our tax money. We would appreciate if the Council could simply inform the public the most basic details of why we are involved in these settlements. For instance, the vehicle damages are at least a result of potholes or such driving damage where they are in a collision with the County vehicle that backed into them...what was the other one...damage to the property of the Johnsons. Just minor elaboration as to what that entails. Thank you.

Councilmember Chock: Council Chair Rapozo, could I just ask our County Attorney real quick about what the limitations are and what we could expect to share.

Council Chair Rapozo: I will say that the claims are available for your review. You can stop at the Office of the County Clerk right here upstairs and take a look at it. It is available and it is public record. There are some redactions that may have to be done because of names and personal information, but if you make the request to the office, they can provide you a copy.

MAUNA KEA TRASK, County Attorney: *Aloha.* For the record, Mauna Kea Trask, County Attorney. Basically at this point, the Office of the County Attorney is not aware of any specific facts and circumstances surrounding the claims before this Council today because they have yet to be referred. Just for the public's edification, the process is that we receive them from the Council, they get referred to our litigation division, who also comprises the Claims Committee. Each individual attorney gets the claim, they review the facts and circumstances as presented by the claimant, they also send a notification to the department, either the individual personnel involved and their supervisors, get the facts and circumstance from both sides, analyze the facts and circumstances against the law, and if it is a valid claim, it is offered to settle. Our resolution authority for settlements is up to five thousand dollars (\$5,000) and anything beyond that comes to this Council for approval. We be as fair as we can. Numerous people work with us all of the time, so that is generally how it goes.

Councilmember Chock: Thank you.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: Mauna Kea, if there were a few more details on the agenda for that item, then that would not be a problem?

Mr. Trask: We do not draft those agenda items.

Councilmember Yukimura: I know, but legally since the claim is already...

Mr. Trask: Well, I guess the standard for notice is under the Sunshine Law, which is just enough to put the issue in your mind essentially, so you are not going to recite the whole claim. But I would argue that you would not want to do that, because at a certain point, unless you just state who the claimant is and just the bare-bone facts regarding what the claim is about, everything after that is argumentative. I would not know.

Councilmember Yukimura: You could just indicate the amount claimed.

Mr. Trask: Sometimes, they do not even have amounts. That is part of the process. You have to actually ask them for estimates, especially for car damage or property damage. It is very incipient. This is the first step, so it is difficult. I can understand Mr. Sykos' question just because it really is not developed at this point.

Councilmember Yukimura: Okay. Thank you.

Council Chair Rapozo: Councilmember Kaneshiro.

Councilmember Kaneshiro: Just for clarification, I believe this communication sends it to them, so they have not even been able to see it and know what it is even about yet.

Council Chair Rapozo: I think the question was more in general going forward. We specify the claimant's name on the agenda and we specify what the claim is about, whether it is damage to his vehicle, but that could be from a fallen tree, from a County vehicle, or from a pothole. I guess what is fair is we will meet with staff, take a look at that, and figure out with your office as far as...I do not think it is unreasonable to add "motor vehicle accident" or "falling tree." I do not think that is a big issue.

Mr. Trask: I would say that generally, again, we are not consulted upon these agenda items, but we have seen where claims come in for millions of dollars and people think because of the anecdotal McDonald's case decades ago that you can get one million dollars (\$1,000,000) for spilled coffee, that is generally not the rule. So a lot of these things gets whittled down a lot. If you put the original claim out, it very well could be very misleading.

Council Chair Rapozo: Thank you. We will have the discussion. Again, I do not think it is unreasonable to show if it is a pothole or a tree.

Mr. Trask: Yes.

Council Chair Rapozo: With that, I will call the meeting back to order.

There being no objections, the meeting was called back to order, and proceeded as follows:

The motion to refer C 2018-152, C 2018-153, and C 2018-154 to the Office of the County Attorney for disposition and/or report back to the Council was then put, and unanimously carried.

Council Chair Rapozo: Next item, please.

Ms. Fountain-Tanigawa: We are on page number 3, Committee Reports.

### COMMITTEE REPORTS

#### PUBLIC WORKS/ PARKS & RECREATION COMMITTEE:

A report (No. CR-PWPR 2018-07) submitted by the Public Works / Parks & Recreation Committee, recommending that the following be Received for the Record:

“PWPR 2018-06 Communication (06/26/2018) from Committee Chair Kagawa, requesting the presence of the Director of Parks & Recreation and the Acting County Engineer, to provide a briefing on the status of repairs to Black Pot Beach Park and the roads leading up to Black Pot Beach Park,”

Councilmember Kagawa moved for approval of the report, seconded by Councilmember Kaneshiro.

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion for approval of the report was then put, and unanimously carried.

Council Chair Rapozo: Motion carried. Next item, please.

A report (No. CR-PWPR 2018-08) submitted by the Public Works / Parks & Recreation Committee, recommending that the following be Received for the Record:

“Bill No. 2613 – A BILL FOR AN ORDINANCE TO AMEND CHAPTER 13 OF THE KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO THE ELECTRICAL CODE,”

Councilmember Kagawa moved for approval of the report, seconded by Councilmember Kaneshiro.

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion for approval of the report was then put, and unanimously carried.

Council Chair Rapozo: Motion carried. Next item, please.

BUDGET & FINANCE COMMITTEE:

A report (No. CR-BF 2018-28) submitted by the Budget & Finance Committee, recommending that the following be Approved on second and final reading:

“Bill No. 2712 – A BILL FOR AN ORDINANCE TO AMEND SECTION 5A-9.1 OF THE KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX,”

Councilmember Chock moved for approval of the report, seconded by Councilmember Brun.

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion for approval of the report was then put, and unanimously carried.

Council Chair Rapozo: With that, we are going to take our lunch break here. It is 12:25 p.m. and we have a public hearing at 1:30 p.m. We will proceed with the rest of the agenda after the public hearing.

There being no objections, the meeting recessed at 12:24 p.m.

The meeting reconvened at 2:01 p.m., and proceeded as follows:

*(Councilmember Kawakami was noted as not present.)*

Council Chair Rapozo: Can we have the next item, please?

RESOLUTION:

Resolution No. 2018-23 – RESOLUTION PROPOSING A CHARTER AMENDMENT RELATING TO AFFORDABLE HOUSING: Councilmember Yukimura moved for adoption of Resolution No. 2018-23, seconded by Councilmember Chock.

Council Chair Rapozo: Thank you. With that, Councilmember Yukimura, do you have a presentation?

Councilmember Yukimura: Yes. I would like to make a presentation before we take the public testimony. We are not on the first page. Just so we are all starting on the same page, I would like to ask each one of my colleagues as the decision-maker, whether you think there is a housing crisis on Kaua'i? I am not asking this to put you on the spot, but I do not want to make any assumptions.

Council Chair Rapozo: Did we let Councilmember Kawakami know that we were coming back? Let us wait for him, if you do not mind.

Councilmember Yukimura: Sure. Thank you.

Council Chair Rapozo: We will take a really short break so we can get Councilmember Kawakami.

Councilmember Yukimura: Okay. We can do that while we are waiting.

Council Chair Rapozo: Let us just take a short recess.

Councilmember Yukimura: Okay.

There being no objections, the meeting recessed at 2:04 p.m.

The meeting reconvened at 2:05 p.m., and proceeded as follows:

*(Councilmember Kawakami was noted as present.)*

Council Chair Rapozo: With that, we will call the meeting to order. You can start over, Councilmember Yukimura. Reset her time. Thank you.

Councilmember Yukimura: Thank you, Council Chair Rapozo. Thank you, Councilmembers, for this opportunity to make a presentation on the Resolution for a Charter Amendment. I was starting to ask if you would each let me know if you think there is a housing crisis on Kaua'i, and a "yes" or "no" is fine, unless you want to qualify it. Councilmember Kagawa.

Councilmember Kagawa: I will go first. You know just as well as I do that it is a global problem.

Councilmember Yukimura: Okay. But do you think it is here on Kaua'i?

Councilmember Kagawa: It is globally.

Councilmember Yukimura: Okay. Thank you. I heard Councilmember Chock say "yes." Council Chair Rapozo?

Council Chair Rapozo: Yes.

Councilmember Yukimura: Okay. Councilmember Kaneshiro?

Councilmember Yukimura: Councilmember Kawakami, do you think there is a housing crisis on Kaua'i?

Councilmember Kawakami: Yes, and I think that is rather silly. But yes, I do.

Councilmember Yukimura: Well, I did not want to assume and I wanted to make sure that we are all on the same starting page. Councilmember Brun?

Councilmember Brun: No.

Councilmember Yukimura: Pardon?

Councilmember Brun: Yes, of course, Councilmember Yukimura.

Councilmember Yukimura: Okay. Thank you. That is good, because that is what the recently adopted General Plan says. The definition of "affordable" that came up in the testimony previously, this is by Ordinance. It is not more than thirty percent (30%) of household income for mortgage or rent for families within the income groups zero (0) to one hundred forty percent (140%) of median income. That is based on statistics showing that the need of these groups are not being met by the market in varying degrees. The average cost of building a housing unit is four hundred fifty thousand dollars (\$450,000). It includes land, off-site and on-site infrastructure, buildings, financing, system costs, which in water are called the facilities reserve charge. But every utility has system costs.

The affordable housing need. The General Plan says we need nine thousand (9,000) housing units over the next twenty (20) years. The housing study shows that eighty to ninety percent (80-90%) of the need will not be met by market to varying degrees, and that here, the Hawai'i Housing Planning Study. This is the median income family and these are the number of families in each income group. You can see we are addressing zero (0) to one hundred forty percent (140%). This is the cut-off line. You can see that most of the need is below one hundred forty percent (140%) of median income.

Our goal is to build seven thousand (7,000) to eight thousand (8,000) housing units at an average subsidy of one hundred fifty thousand dollars (\$150,000) to two hundred thousand dollars (\$200,000) per unit over the next twenty (20) years.

How the Charter Amendment would help, and this is an amendment that if put on the ballot and approved by the voters, earmarks three percent (3%) of existing real property taxes for affordable housing development, which is about forty million three hundred thousand dollars (\$4,300,000) per year, or forty-three million over ten (10) years. Part of the reason I chose that is because forty million dollars (\$40,000,000) is what we worked with in post-Hurricane 'Iniki moneys over the last twenty (20) years, and we have to accelerate our efforts. This provides essential capital without which affordable housing cannot be built. We heard testimony from Ken Rainforth, who is probably the most experienced person on the island in actually creating affordable housing on the island. How this Charter



Amendment helps, there is been some concern that it is a “drop in the bucket.” Eighty million dollars (\$80,000,000) versus a total capital need of about one billion four hundred thousand dollars (\$1,400,000,000) or one billion eight hundred million dollars (\$1,800,000,000). But we need to start from where we are and we know we can handle forty million dollars (\$40,000,000). It will help many people. Forty-two million dollars (\$42,000,000) produced six hundred thirty-six (636) homes, which is an average subsidy of sixty-six thousand dollars (\$66,000) per unit, and that is because we leveraged it and used other ways to amplify it so we could make the subsidies that is needed. It will contribute to supply and will help modulate price in the market. That is Paul Brewbaker’s point. How the Charter Amendment helps, it implements the General Plan, which calls for additional capital for affordable housing and it implements our Housing Agency’s Strategic Plan. Why do all of the plans if we do not implement them?

Examples of how three percent (3%) moneys can be used. It can be used to buy land and I think, Council Chair Rapozo, you emphasized maybe a couple of months ago how important land was and I think we heard Ken say that, too. It can pay for on-site/off-site infrastructure and buildings, it can pay for financing, it can float a bond to leverage money if it is in Charter because it is fixed, it can fund the pilot project for tiny homes and other innovative housing efforts, and it can increase the range of incomes in housing projects. The best example of that is Ko’ae. Ko’ae is one hundred thirty-four (134) homes in the heart of Po’ipū close to jobs and it is going to be affordable, but it is only for families sixty percent (60%) of median income and lower, because it is financed solely by Federal tax credits and they require that the money be used for sixty percent (60%) and below. If we had unrestricted capital, as we would if we pass this Charter Amendment, we could have had homes there for one hundred percent (100%) of median income, one hundred twenty percent (120%) of median income, and one hundred forty percent (140%) of median income, which would have made for a much better community. We know that when we have diversity, it is always better. It can add to low-income housing tax credits. Larry Jeff, who worked with the homeless for thirty (30) years, said we can improve the chances of our Kaua’i projects that are tax-credit funded if we put money into them, and we did that with Kolopua. We put one million dollars (\$1,000,000). It was not our capital. It was Federal HOME Investment Partnerships Program (HOME) moneys. But that allowed us to buy the fee. It can be used to increase United States Department of Housing and Urban Development (HUD) vouchers. It can be used for permanent housing and “housing first” efforts to address homelessness. As we talked about it earlier, it will give us credibility in negotiating to buy land for housing.

Why a Charter Amendment? Because the forty-two million dollars (\$42,000,000) in post-Hurricane ‘Iniki funds have run out, we need a new source of unrestricted capital that is in the County’s control, and because the regular budget process will not ensure capital needed for accelerated affordable housing. We have seen given that we have this housing crisis, that we have not met. This is analogous to the household budget. If you, as a family, want to save for a college education or for a family trip, setting aside money upfront is the only way to save because you know that if you do not do it when your paycheck comes in, by the end of the month, there is nothing left because of all of the pressures. That is what a County budget system goes through. But if you put aside the money as a Charter

Amendment, it is sacrosanct and you have to realize a balanced budget among other things, such as the one million dollar (\$1,000,000) subsidy for a golf course or for example, the Philippine Cultural Center was a one-shot deal. So next year, that money is available. By doing this, we make affordable housing a County budget priority. There has been some talk doing it by ordinance, but an ordinance can be changed. The Open Space earmark was changed by four (4) Council votes from one point five percent (1.5%) to point five percent (0.5%). It will yield to the various pressures, but it is like an internal discipline. We are all saying, "We have to address this issue." Because of unreliability, we cannot float a bond on it. Also, an earmark as a big commitment and it should be approved by the voters.

Will the Charter Amendment require an increase in taxes on local homeowners? No. The tax rates on Vacation Rentals and Residential Investor properties during the last budget will roughly provide four million dollars (\$4,000,000) in real property tax revenues each year to cover the earmark. There is a justifiable nexus since they properties raised the price of land and housing, and they can be used without too much burden to offset the impacts on affordable housing.

Will the earmark displace critical services? No. The additional four million dollars (\$4,000,000) from rate increases on Vacation Rental and Residential Investor properties were used in this year's budget for affordable housing and nonrecurring expenditures. So it will be available in subsequent years without displacing essential services.

In conclusion, the proposed Charter Amendment is one very crucial way to help address the housing crisis that is hurting many families and the economy. I want to point out that the Mayor and the Housing Agency supports this. It is part of the Housing Agency's Strategic Plan. Ken Rainforth, with thirty (30) years of experience and is the person who is most consistently involved in providing affordable housing on Kaua'i supports it. Habitat for Humanity supports it. There have been plus or minus fifty (50) E-mail testimonies, and plus or minus twenty (20) in-person testimonies. I believe there were two (2) people against it. So, I think we do need to let the people decide. I hope the Council will put this forward so that the people can help set the priority. If they think we need this for affordable housing, we need to let them show us. If they do not think so, they can show us by vote also. I will take questions.

Council Chair Rapozo: Is there any discussion? Councilmember Kagawa.

Councilmember Kagawa: Councilmember Yukimura, you said in one of your last slides that the four million dollars (\$4,000,000) will only come out of that Transient Vacation Rental and Resident Investor line item. Have you worked on next year's budget in preparing that you may be Mayor? Do you have a finance person that has determined that all of the costs for next year will be status quo and there will be no unforeseen increases in next year's budget?

Councilmember Yukimura: Well, we do not know what next year's budget will be, but I would know...

Councilmember Kagawa: Exactly.

Councilmember Yukimura: ...if the people of this island say that we should earmark a certain percentage of our real property taxes, then I would honor that because I do not know how, I as Mayor, if I am Mayor, would provide the affordable housing that people need without it. Because there is forty million dollars (\$40,000,000), there are many families who have housing today. If we do not put forth for the next ten (10) or twenty (20) years, what is that going to do to our families and they are my and your kids and grandkids?

Councilmember Kagawa: That is not part of my question.

Councilmember Yukimura: No, but...

Councilmember Kagawa: My question was, you had a slide that said that no critical services will be impacted.

Councilmember Yukimura: Yes.

Councilmember Kagawa: Which assumes that you have worked on next year's budget...

Councilmember Yukimura: No, it does not.

Councilmember Kagawa: ...and that you have the numbers projected in next year's budget that says none of the four million dollars (\$4,000,000) will affect any critical services of the County. To me, you need to analyze next year's budget, which I do not think anyone has yet. Maybe the current Administration is looking into it a little bit, but I mean...

Councilmember Yukimura: I will make next year's budget based on the money we have after we have earmarked affordable housing, because I say it is a top priority and we need to put aside that money to provide housing, otherwise, we are not doing our job.

Council Chair Rapozo: Like I said earlier, Councilmember Kagawa, I guess it is to answer your question, we do not know. As I stated earlier that we are eleven (11) days into the first fiscal year and we already had to find seven hundred sixty-five thousand dollars (\$765,000) that was not planned for when we had the budget discussions. I think that answers your question.

Councilmember Yukimura: We found it. We found the money.

Council Chair Rapozo: There is always money. That is my point, and I will get to my point when I have my discussion.

Councilmember Yukimura: That is true.

Council Chair Rapozo: Councilmember Chock, do you have a question?

Councilmember Chock: Yes, I do. In general, I am very supportive of what we are trying to accomplish here. I think what it comes down to, the very bottom-line, is defining our fiscal responsibility clearly. I understand that it is priority versus our ability to pay. The section that you talk about as being ordinance versus a Charter Amendment, I understand it. You are really wanting to hold the line strong through a Charter Amendment, but I question whether or not the inflexibility of the proposal that we are looking at would put us in jeopardy in the event that it is needed. People, in testimony, have talked about when emergency disasters and other needs may come up. Annual budgets are looked at in terms of increases in collective bargaining and so forth. I am wondering if it might give us a little bit more of an insurance to look at it from the perspective of being able to manipulate that, if necessary, under duress.

Councilmember Yukimura: If we are under duress, we are very likely to need affordable housing because if it is a disaster, as you have seen both from the volcano and from the flooding, temporary and permanent housing becomes so important. Three percent (3%) of a decrease base will be less, but we will still need some housing money. Collective bargaining, if we have this extra four million dollars (\$4,000,000), the Unions will say, "See, you have a lot of money and therefore, you should give us our pay raises." But if it is earmarked for affordable housing, that is not part of the picture in collective bargaining. So, that is one way to make sure that it is being earmarked so that it is not available for other of those pressures. We figured out within what we have, ninety-seven percent (97%) of the rest of the real property taxes plus all of the others; real property taxes are not the only source of money.

Councilmember Chock: I just have one (1) more question.

Council Chair Rapozo: Go ahead.

Councilmember Chock: You did not number your slides by the way, Councilmember Yukimura. I am surprised. But on page 6 here, you do talk about examples of how three percent (3%) moneys can be used.

Councilmember Yukimura: I apologize.

Councilmember Chock: One of which, the second bullet, on-site and off-site infrastructure and buildings. Can you explain that again? I guess the way I am interpreting that is that it would not necessarily be for the project if we are looking at off-site infrastructure, and how that might be applied for other developments. Would it benefit the larger community in that sense? Is that what this is clearly defining?

Councilmember Yukimura: No, it is not.

Councilmember Chock: Can you please describe it?

Councilmember Yukimura: Yes. Thank you for that question. The intention is to, and maybe we need to clarify it in an amendment, but the intention is to be off-site infrastructure directly related to an affordable housing project.

Councilmember Chock: I am sorry, I am not clear. Again, I think we need to look at that verbiage further to determine if that is what it is suggesting of how it is actually being drafted.

Councilmember Yukimura: Well, it says for the development of affordable housing. But, okay. Are you concerned that it might be interpreted too broadly?

Councilmember Chock: Well, I do not know. I think both are important. I am just trying to get clarity about what the intent is in Charter Amendment as it is written?

Councilmember Yukimura: My intention is that it be very directly related to affordable housing. I believe we need to provide infrastructure money, but we have a lot of other kinds of moneys to do that. We have the State Revolving Fund, which we are using for our landfills and for our sewer systems. I do not know if it is available for our water system. There is a lot of generalized money. But if we were to build it for infrastructure that pays for high-priced housing, that would be really diluting our effort.

Councilmember Chock: Thank you, Council Chair Rapozo.

Councilmember Yukimura: Even now, there is a question about how we reserve resources for people who live here versus a lot of off-island owners.

Councilmember Chock: Again, I think my main concern is flexibility of how it is we provide housing. I certainly agree that affordable housing is our main objective. But again, I am wanting to see how this might play out if indeed it passes, and how it would be ultimately utilized.

Councilmember Yukimura: Thank you for your question.

Council Chair Rapozo: Councilmember Kaneshiro.

Councilmember Kaneshiro: My question is, do you think the voting public is familiar enough and knows the budget well enough to make a decision to earmark four million dollars (\$4,000,000) to affordable housing?

Councilmember Yukimura: I think the public is very well-informed about the nature of the problem and how severe it is. I think they have a right to tell us, the Mayor and the Council, "We want three percent (3%)"—it is so little—earmarked for this problem and you figure out the budget outside of that three percent (3%). I think they have the right to say that because like a household income, it can be whittled away by so many different pressures; pet projects, waste, inefficiencies, and

all of those kind of things that can dilute that money unless you say, "No. This is for affordable housing," and then you figure out the rest of the budget.

Councilmember Kaneshiro: Again, I think that means we are only looking at one side. We are looking at how much money we are going to get and what we are going to put it to? But does the general public understand where that money is going to come from, how it is going to work in future, and what the ramifications are for it? We had Ken up here who has been with the County for thirty (30) years as the Housing Director, and he did not even have an answer to know where that money was going come from. All he knows is, I am looking out for housing, I want affordable housing, and earmarking four million dollars (\$4,000,000) and three percent (3%) is great. But the other side of the equation is our responsibility. Where do you find that money, how you budget for it, and how do you stay flexible enough to say the emergency fund we took already, five million dollars (\$5,000,000), when do we pay that back? Is that a priority, paying our Reserve back over affordable housing? We took money from Open Space. Does the general public know the ramifications of our decisions to tie our hands?

Councilmember Yukimura: I think that is all part of the budget process and our hands are not tied on the ninety-seven percent (97%) of real property taxes, and there is a lot more besides that ninety-seven percent (97%) because real property taxes are not one hundred percent (100%) of our revenues. So, it is like even smaller than three percent (3%) that is being put aside and we have all of this leeway. One thing that Ken Rainforth did know, and it comes back to whether we agree, is that it is the County government's responsibility to provide affordable homes for its people and without moneys like this, like is being proposed, we will not be able to meet that responsibility.

Council Chair Rapozo: I have a follow-up really quick, and it is directly tied to the first part of your question. This is for Councilmember Yukimura. Do you think it is appropriate for the voting public to determine budgetary issues on a ballot? Do you think that the voting public should have the ability to say what the tax rate is; what the expenditures to solid waste is, to traffic, to roads improvements; and let the Council and the Administration decide how to deal with it, but just let them decide in a ballot question? Should the County allocate five percent (5%) to parks maintenance? I mean, if I put that on the ballot, it would pass five percent (5%).

Councilmember Yukimura: I do not know if it would pass.

Council Chair Rapozo: My point is this, and it is tied to what Councilmember Kaneshiro said, in the budget process, we are all informed. We should know the financial situation of this County. We should know the fiscal ramifications and we should be making the right decisions. The public, to no fault of their own, they do not. They get a question on the ballot that says, "Do you want to contribute three percent (3%) to affordable housing?" Of course. That is going to be a hundred percent (100%) vote in favor. We are picking a very top, passionate subject. My question is, generally, do you think that the Charter Amendment process should

be allowed for any fiscal budgetary measures that could impact this County moving forward?

Councilmember Yukimura: I believe the writers and authors of the Charter felt that we could do it and we should do it because they did not restrict it. We have already done it with our Open Space Fund, which all of you several meetings ago, said, "We have to put more money into it," which we could have had more money in it if we had kept the percentage at one point five percent (1.5%), instead of point five percent (0.5%). So this is a regular part of being able to amend the Charter.

Council Chair Rapozo: You did not answer my question. Do you think that voting public should have the discretion and the authority to control the budgetary decisions of this body?

Councilmember Yukimura: I do not believe the public should have the total budgetary control. I do not think we should all get into the War Memorial Conventional Hall and say what we are going to vote for. But I do believe that when there is a very high priority like open space or affordable housing, we should be able to put aside a certain percentage, and we are talking really small percentages, to address a high-priority of the community. I do not believe it will pass unless it is a very high pressing need.

Council Chair Rapozo: Councilmember Brun.

Councilmember Brun: I have a question. Did you ever try to pass something like this before?

Councilmember Yukimura: Open space is an example.

Councilmember Brun: No, I am talking about affordable housing. In your forty (40) years or whatever it was in public service, did you ever try to introduce something like this?

Councilmember Yukimura: Do you mean like a Charter Amendment?

Councilmember Brun: Yes.

Councilmember Yukimura: No, I have not, because we had forty-one million dollars (\$41,000,000) from Hurricane Iniki. So, that kept us going for a while. But I must say that I think there is two percent (2%) in Maui's Charter and it was passed by the people, so it has been done before.

Councilmember Brun: Okay. So you have never tried something like this before?

Councilmember Yukimura: I do not what you are jiving at.

Councilmember Brun: I am just wondering why all of a sudden this is coming up? I just was wondering if this was ever tried before and if it was turned down, or why. I did not study the minutes of the last twenty (20) years.

Council Chair Rapozo: Excuse me.

Councilmember Yukimura: I think it is a legitimate question.

Council Chair Rapozo: Absolutely.

Councilmember Yukimura: I guess what I want to say is I have been working ever since I got the bill passed for the first self-help housing in 1988 over the Mayor's veto, I have been working on housing projects. It was only in the last five (5) years that I really started looking at the Ordinance and how we could really get a handle on providing affordable housing. That was with my Affordable Housing Advisory Committee. We went through a very thorough analysis and I also did an analysis of how we have provided housing over the last thirty (30) years, since the plantation stopped providing housing. It is just over that kind of study and awareness that I began to become familiar with...

Councilmember Brun: My question was if this was of ever done, and the answer was "no."

Council Chair Rapozo: Yes, she answered the question.

Councilmember Brun: Thank you.

Council Chair Rapozo: Are there any more questions? I want to get Wally up here, the Administration, because I heard Councilmember Yukimura say the Mayor and Housing Director. Wally, can you come up, please?

Councilmember Yukimura: Can we have Kanani?

Council Chair Rapozo: I am asking for...

Councilmember Yukimura: We usually talk to the Department Head.

Council Chair Rapozo: No. You said the Mayor and the Housing Director, so I want to hear from the Mayor or his designee. We will suspend the rules without objection, Mr. Rezentes. If you could just state your name for the record.

There being no objections, the rules were suspended.

WALLACE G. REZENTES, Managing Director: Wally Rezentes, Jr., Managing Director. The Mayor had discussed this matter over the last few weeks up until we basically came here today. The Mayor supports the basic intent of this Charter Amendment, which is to provide affordable housing for Kaua'i. In recent years, the County Council and Administration have funded affordable housing initiatives at significantly increased levels than in the past. Since 2008, the County



has been able to utilize approximately ten million eight hundred thousand dollars (\$10,800,000) in County funds to leverage an additional one hundred fifty-five million dollars (\$155,000,000) in State, Federal, and private funding sources. These funds produced or are in the process of producing seven hundred sixty (760) affordable housing units on Kaua'i. In the current fiscal year, the Council approved an additional two million seven hundred thousand dollars (\$2,700,000) that will be utilized to leverage even more outside funds. The concern with funding affordable housing through a Charter Amendment is that it does not allow to adequately plan how the required outlay would be funded. We often get criticized for not having a study or plan. This measure does not follow a long-term financial plan on how taxpayers will pay four million dollars (\$4,000,000) annually. We may also want to consider in these discussions, alternative methods of financing long-term assets like affordable housing projects. One option, for example, as a prudent way to fund affordable housing would be to use long-term low interest rate bonds. As much as Mayor Carvalho wanted to support this measure, it is a difficult measure because obviously, everyone wants affordable housing and so does he. As much as he wants to support this Charter Amendment for adding additional funds for adding additional funds, he would prefer that it be done in another method, in a method that would allow for more flexibility going forward. There are obvious concerns we would lay forward to the upcoming Administration and the upcoming Council on how they could balance the budget. With that, the Mayor, again, supports the intent, but does not support the methodology in which the real property taxes would be need to be raised.

Council Chair Rapozo:

Councilmember Chock.

Councilmember Chock: Yes. Wally, can you confirm—I understand he supports of the intent, but not the vehicle.

Mr. Rezentes:

Not the method, yes.

Councilmember Chock: What is the suggestion from the Administration in terms of how to support it?

Mr. Rezentes: When you look at a measure like this, the more prudent fiscal way to look at it is you look at it in totality. Every budget year, you look at all of the needs and requirements of the County's budget, you look at what is lacking, and what is needed and when you look at it in totality, then you have to prioritize like anything else. By having a Charter Amendment that requires the funding, it makes more difficult to balance other needs.

Councilmember Chock:

Okay.

Mr. Rezentes: Right now, we have a pretty run of real property values going up and real property tax increases. We have increased taxes to pay for things, as Councilmember Yukimura mentioned. We increased taxes to go towards affordable housing, but what happens in a downturn? I was a Director of Finance with no gray hair and with more hair in the mid-1990s right after the hurricane. There was a number of years where we had to suffer with not much. What would happen if that happens here? What would happen? We will have a Charter

Amendment that requires three percent (3%) of our real property taxes earmarked for this and no flexibility. That was serious. That was serious years of difficult budget planning periods, and a lot of people had to make sacrifices. I am not sure if the future Councils or the future Administrations would not want to have more flexibility in the budget process as they move forward.

Councilmember Chock: Would you support this as an ordinance?

Mr. Rezentes: I think it is supportable as an ordinance because you are going to have to balance it, right? If you are going to bring out an expenditure, you have to find a revenue source to offset it. If you can find a revenue source to offset the expenditure and you can agree to it, you might have to cut in areas or you might have to increase revenues in areas to offset it, but you are going to have to balance it and you are going to have good information because you are going to know what the current needs are and what the current concerns the public has with their money.

Councilmember Chock: So, do you agree that an ordinance is better?

Mr. Rezentes: An ordinance would be more efficient and it would allow for flexibility.

Councilmember Chock: Okay. Thank you, Council Chair Rapozo. Councilmember Kagawa is next. But before that, I want to follow-up on that. I do not know if the Director of Finance is here. We ended the fiscal year eleven (11) or twelve (12) days ago. Do you know what the surplus is?

Mr. Rezentes: Oh, no. They are not going to know that for a while because there is still a lot of puts and takes. We are not going to know until the audit...

Council Chair Rapozo: Well, we have an idea. We have an idea. We have to have an idea. Do not tell me we do not have an idea.

Mr. Rezentes: I do not have it.

Council Chair Rapozo: Okay. I will just say that based on our worksheet that we have tracked everything, and this is by no means intended to be accurate, but it is ballpark based on all of—our staff went through all of the transfers and encumbrances, and the estimate of the Unassigned Fund Balance at the end of Fiscal Year 2018, which was June, is twenty-six million eight hundred thousand dollars (\$26,800,000). What that tells me, and that is not including the lapses that still have not been booked, and we will not know until the Comprehensive Annual Financial Report (CAFR) comes out in a few months. I am really happy that you said that you would support an ordinance because I agree with you one hundred percent (100%). That is the vehicle to use.

Mr. Rezentes: And the Council did that.

Council Chair Rapozo: Well, I have one right here...

Mr. Rezentes: In the current...

Council Chair Rapozo: ...that is going to be posted next week. I am hoping I can get your same support next week that I just did today for four million dollars (\$4,000,000).

Councilmember Chock: Is that a budget?

Council Chair Rapozo: It is a transfer from the—we are going to have to take it from the Reserve. That is the only thing that we have now unless we are going to cut. At the end of the fiscal year when you see a twenty-six million dollar (\$26,000,000) figure, and let us just say I am six million dollars (\$6,000,000) off, we still have twenty million dollars (\$20,000,000). Let us say that I am ten million dollars (\$10,000,000) off, we still have sixteen million dollars (\$16,000,000).

Mr. Rezentes: And that would be the appropriate way to vet it, because the Council can deliberate where they are going to get the money from.

Council Chair Rapozo: I guess what I am trying to say and I am agreeing with you Wally, that the Charter is not the way to go. The way to do it is by identifying your available funds and having the Council and the Administration make the fiscally responsible decision what to do with those funds. That is all I am suggesting. I appreciate you being here today. Thank you. Councilmember Kagawa.

Councilmember Kagawa: Wally, we had our expert, former Housing Director Ken Rainforth here. He told us a lot of the problems, which is why he supports the Charter Amendment to set aside more money, because the Federal and State governments are not as supportive as they were in the past. I will just look at that average married couple making eighty thousand dollars (\$80,000) per year, jointly. In Federal taxes with social security tax and Federal income tax, you are looking at about twenty thousand dollars (\$20,000) or twenty-five percent (25%) of their income going to Federal and social security taxes. Federal income and social security for State, because the General Excise Tax and State Income Tax, you are looking at about fifteen thousand dollars (\$15,000) a year. Fifteen percent (15%) of the person's income. For that married couple, if they own a four hundred fifty thousand dollar (\$450,000) house, which is affordable, we say "affordable," it is one thousand three hundred fifty dollars (\$1,350). The only way I see we can fix our affordable housing is we have to get the people with the money; the Federal and the State. That is where all our taxes are going. I do not know. Are we just looking to the County, or is the Housing Agency and you trying to do more in working with State and Federal governments? Instead of fighting wars all over the place, let us take care of our people. We pay the taxes. We should be able to take care of our people instead of taking care of people elsewhere in other Countries. I do not know what is going on. Are we taking steps to try to get the State and Federal and State governments to step up? I think Ken said they have not been as helpful in recent years. What are we doing? These people are all here on us, this Council. We only got one point six (1.6%) of taxpayers money. The State gets fifteen percent (15%) of the taxpayers' money and

the Federal government gets twenty-five percent (25%) of the people's tax money. They have all of the fish.

Councilmember Yukimura: What is the question?

Councilmember Kagawa: Are we doing more to get more out of the Federal and the State, because that is the only solution that I see to really fix everyone? We are talking about Councilmember Yukimura's two hundred thousand dollars (\$200,000) per family subsidy. Even four million dollars (\$4,000,000) divided by two hundred thousand dollars (\$200,000), how much is that? Twenty thousand dollars (\$20,000).

Council Chair Rapozo: I think we can ask Kanani that question when she comes up, but I think Kanani said it in an earlier meeting that...

Councilmember Kagawa: It is a joke.

Council Chair Rapozo: ...for every County dollar (\$1), she can leverage twelve dollars (\$12), external, whether it is State or Federal.

Councilmember Kagawa: So four million dollars (\$4,000,000) a year is going to help twenty (20) families and we are going to forget the other twenty thousand (20,000) families?

Mr. Rezentes: I was shown an example of...

Councilmember Kagawa: I want to see something that we help all twenty thousand (20,000) families a little bit, rather than help a lottery few that are lucky to get the right ticket.

Mr. Rezentes: Like I said, I was shown an example where we are able to leverage ten million eight hundred thousand dollars (\$10,800,000) of County funds to leverage Federal, State, and private funds of about one hundred fifty-five million dollars (\$155,000,000). That is over, I think, from 2008 to present, approximately. So, they are able to leverage funding very well. The other thing that I mentioned that we need to consider is that there are other forms of financing. Long-term debt is not a bad thing to look at, because the useful life of an affordable housing project is thirty (30) years plus. Why not amortize that with the fixed rate long-term bond?

Council Chair Rapozo: And the debt service is much less to the taxpayers.

Mr. Rezentes: Yes. So, there are prudent ways to finance projects like this.

Council Chair Rapozo: Councilmember Brun is next, but I will say that our Housing Agency has done a great job. I have sat in a statewide housing meeting, and they all look to Kaua'i. I have said this before, but I think it needs to

be said again, as far as the leveraging of our funding and the creative techniques that they have used, and this is compliments to Kanani as well as Ken, Gary Mackler, and everyone else that have built these relationships for years. They have made miracles happen.

Mr. Rezentes: Yes.

Council Chair Rapozo: They can continue. Councilmember Brun.

Councilmember Brun: Wally, has the Administration adequately addressed where the money will come from?

Mr. Rezentes: Where this money will come from?

Councilmember Brun: Where this four million dollars (\$4,000,000) will come from.

Mr. Rezentes: I do not think anyone has.

Councilmember Brun: So, we do not know how we are going to make up debt funds or where this is going to come from?

Mr. Rezentes: Well, I talked to the last three (3) Directors of Finance and I posed the question to them; where do you think the County would make up four million dollars (\$4,000,000)? Would it likely require real property tax increases? All of them said, "Yes." One of them is myself. Across the board, we feel there is a likelihood, a distinct likelihood, that a four million dollar (\$4,000,000) hit will cause real property tax increases or other revenue sources to have to be increased.

Councilmember Brun: About how long would it take you folks to do a study to figure out where this money is going to come from and what the affect would be?

Mr. Rezentes: You see, I look at it as it should be a budgetary decision, a budget-time decision, because that is when this County, this Council, and the Administration looks at all of the needs of the Departments and all of the needs of the public, and they are going to have to weigh and prioritize expenditures. Then, they are going to have to find ways to fund these expenditures. When you force an expenditure, like this, without identifying the true revenue source is problematic.

Councilmember Brun: Thank you.

Council Chair Rapozo: Councilmember Yukimura.

Mr. Rezentes: I can tell you that I have had discussions with bond underwriters, too, along these lines over the years, and it is not recommended in the bond financing industry. When you have to meet with them and you have to explain your financial policies and procedures, this type of thing is frowned upon.

Councilmember Brun: This kind of Charter Amendment?

Mr. Rezentes: When you have referendums that require funding outlays without matching the revenue source.

Councilmember Brun: Okay. Thank you.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: Wally, we did identify a revenue source. It was the increases in Vacation Rental tax rate and Residential Investor property tax rate that will be generating four million dollars (\$4,000,000) every year now. So we do have a revenue source.

Mr. Rezentes: Well, those fluctuate though, Councilmember Yukimura. They fluctuate. Right now, we have TVRs that are down. The values are going way down. So like...

Councilmember Yukimura: And so the three percent (3%) will fluctuate, too, the actual monetary amount can go down—will, with the base. So it is still a revenue source.

Mr. Rezentes: You are...

Councilmember Yukimura: You commit to collective bargaining increases and the source of that could go down, too, right? What is the difference? It is still a revenue source that is not claimed, except for this year, and half of it is for housing and others were nonrecurring, and so there it is. There is a revenue source.

Mr. Rezentes: But I would have to disagree with that, because you are going to have to look at all of your expenditures come next year. You going to have to look at collective bargaining, the health fund, retirement systems, and increase in police costs and fire costs, and "the whole nine yards." So you cannot say that funding will be there tomorrow, because there is going to be other expenditures that will take its place.

Councilmember Yukimura: And that is exactly why you will never fund affordable housing.

Mr. Rezentes: Well, I think we have done it pretty well. I think this Council and Administration has had a pretty good recent track record...

Councilmember Yukimura: Well, we had forty-one million dollars (\$41,000,000).

Mr. Rezentes: ...of funding and leveraging Federal, State, and private funding sources.

Councilmember Yukimura: We did it. We have done very well with forty-one million dollars (\$41,000,000) in Federal moneys. Where is that next capital coming from? We have provided homes everywhere. How are you...

Mr. Rezentes: That is the challenge that everyone...

Councilmember Yukimura: Excuse me, I would like to finish my question. Where are we getting the houses? How are we going to fund the housing, just repeating what with us have done, much less build it faster and more?

Mr. Rezentes: Well, what about the marginal person who was just able to afford his first purchase?

Councilmember Yukimura: What are you talking about?

Mr. Rezentes: Now, potentially, he is going to have to pay increases in real property taxes. How do you answer that?

Councilmember Yukimura: There is no increase in real property taxes because...

Mr. Rezentes: You cannot guarantee it.

Councilmember Yukimura: Yes, you can by good budgeting, by removing waste, and by not having pet projects and doing political things because otherwise, the main goal of affordable housing is gone as it has been. Otherwise, we would not have a crisis.

Mr. Rezentes: I agree...

Council Chair Rapozo: That was not a question, Wally.

Mr. Rezentes: Yes. But I agree that future funding sources outside of the County funds are going to be a challenge, like anything else. I have been talking to Kanani in recent days and as well as she did and as well as Kamuela had done in the past, they realize that they have to think out of the box. They realize that they have to figure out ways to not only look internally on bringing up affordable housing stock, but trying to better partner with private entities and private sources, and trying to still be as "lean and mean" as possible, but increase the leveraging of other people or other entities doing the work along with us. The County cannot be the one carrying the ball one hundred percent (100%) of the time. We have to make sure that we partner and allow for creative thinking outside of the County as well.

Councilmember Yukimura: Well, this is creative thinking, this Charter Amendment, and you have not told us how you are going to provide this substitute amount, Councilmember Brun's question, in order for us to meet the housing need. You are saying that we are going to get it from outside sources, and the outside sources are diminishing under the Trump Administration for housing and the need is growing ever greater. So if you cannot do it with this plan, what is your plan?

Mr. Rezentes: If we raised four million dollars (\$4,000,000), what are we going to leverage with the four million dollars (\$4,000,000) if there is nothing that will be provided outside. Why are we raising four million dollars (\$4,000,000) if there is nothing in State and Federal funds?

Councilmember Yukimura: I did not say there is nothing. I am just saying that you need County capital as well as the others.

Mr. Rezentes: I am saying that you can do it by ordinance. You can put the same amount of money as you would with the Charter. An ordinance can provide the exact same amount of money. All I am saying is that it makes more sense to do it by ordinance because you have the financial and budgetary flexibility to look at your whole budget in totality, not just one thing.

Councilmember Yukimura: That process has never worked to provide affordable housing to the extent that we need.

Mr. Rezentes: But that is the right process to follow.

Councilmember Yukimura: Well then, we will not solve our affordable housing problem because it is not being made a priority.

Mr. Rezentes: We need to.

Council Chair Rapozo: It is a follow-up, Wally, because you mentioned the flooding and the anticipation. I think we all have a good idea that our property assessments will go down, not just with the TVRs, but with other residences as well. We are going to see it decline more than likely. I do not know how much, but we are definitely going to see a decrease in assessments. We may see an increase in other properties. I do not know. But the bottom-line is we do not know. But the electric bills, fuel bills, and personnel bills will not go down in proportion to the reduction in damaged properties and the assessments. I guess my point is that we will see it, and I think you kind of alluded to that, we will see a decrease in tax revenue, but you will not see a balanced decrease in expenditures. We talked about a fixed about like four million two hundred thousand dollars (\$4,200,000), do you know and again, these are things that we have not certified or are unaudited, but in 2013—and Wally, I do not expect you to know this because you are not in finance anymore—but in 2018, the amount of funds that we have to transfer over from the General Fund for emergencies or from things that we did not anticipate in the budget?

Mr. Rezentes: Sorry, I do not have that number.

Council Chair Rapozo: Six million six hundred sixty thousand dollars (\$6,660,000). That took the four million two hundred thousand dollars (\$4,200,000) just like that. So, to say that the four million two hundred thousand dollars (\$4,200,000) will be there, it is not accurate.

Mr. Rezentes: No.



Council Chair Rapozo: Again, just in 2018, we wiped that out just with three (3) projects, three (3) projects that came up that we did not anticipate in the budget, that we had to transfer. So, if we had an increase of four million two hundred thousand dollars (\$4,200,000) and we had a decrease of six million six hundred sixty thousand dollars (\$6,660,000) that means the net is negative. Where do we pick that up? Next year, guess where we are going to pick it up? We are going to pick it up with a real property tax increase. That is the reality of this. I do not care how you want to sugar-coat this, I am not talking to you Wally, because I think I hear what you are saying. I am basically asking if you agree. Is that an accurate overview, because that is the reality of it? Things happen. We cannot say that the four million two hundred thousand dollars (\$4,200,000) is going to be there at the end of the fiscal year next year, because it will not. Something is going to come up. Councilmember Brun.

Councilmember Brun: Wally, I have one (1) more question. I guess it was stated that the Administration and the Housing Agency supports this. Do you folks have a plan to implement the Charter Amendment if it passes?

Councilmember Yukimura: You should ask that of Janine.

Councilmember Brun: I am asking Wally. Thank you.

Mr. Rezentes: A plan to implement what? The use of the...

Councilmember Brun: The use to spend the money.

Mr. Rezentes: Oh, you would have to ask Kanani on that.

Councilmember Brun: Okay. Another question is about specific projects, if they are ready to fund if the Charter Amendment passes. Do you know?

Mr. Rezentes: You can ask Kanani on that.

Councilmember Brun: Okay. Thank you.

Mr. Rezentes: What I understand is the Housing Agency needs about one million eight hundred thousand dollars (\$1,800,000) a year to start up an affordable housing project if they do it annually. They need about one million eight hundred thousand dollars (\$1,800,000). Again, that one million eight hundred thousand dollars (\$1,800,000) does not need to be cash on-hand. It does not need to be cash in the checking account. It could be one million eight hundred thousand dollars (\$1,800,000) in long-term debt that can be amortized over twenty-five (25) years or so.

Councilmember Brun: One million eight hundred thousand dollars (\$1,800,000). If we go down to one percent (1%), would that be enough to fund it?

Mr. Rezentes: Yes.

Councilmember Brun: Okay. Thank you.

Council Chair Rapozo: Wally, would be more comfortable it was sent over as a bill for an ordinance?

Mr. Rezentes: It gives everyone the opportunity to look at where you are going to get the money from, right, whether it is going to be surplus as you said, cutting Departments, or looking at another funding source.

Council Chair Rapozo: Would you not agree that the most reasonable place right now knowing that the fund balance and the—we know that we are going to have a fund balance at the end of the fiscal year.

Mr. Rezentes: The concern with using the fund balance is that you have to make up ground to pay it back, right? We have asked Council for a few million dollars as startup money for the flood efforts. We spent down on that to a certain degree. We hoped to leverage the State grant money, but as you know, the Federal Emergency Management Agency (FEMA) funds that come in, the best-case scenario, is seventy-five percent (75%) from them.

Council Chair Rapozo: Right.

Mr. Rezentes: We have to make up the twenty-five percent (25%) somewhere else whether it be County funds or State grant funds. We are just in the beginning. We are just in the beginning of Public Works and others going out on the larger projects, so this process with FEMA takes years. We do not know where we will end up financially.

Council Chair Rapozo: And we do not have years for affordable housing. We do not have years. That is what I am saying. There is an alternative to the Charter Amendment, and that is what I am trying to pursue.

Mr. Rezentes: There is.

Council Chair Rapozo: That is all I am asking. Councilmember Yukimura.

Councilmember Yukimura: I need a clarification from you, Council Chair Rapozo. Are you talking about a four million dollar (\$4,000,000) appropriation bill?

Council Chair Rapozo: Yes.

Councilmember Yukimura: Not a four million dollar (\$4,000,000)—three percent (3%) of real property taxes every year, like an ordinance?

Council Chair Rapozo: Well, I am talking about a money bill, a four million dollar (\$4,000,000) money bill.

Councilmember Yukimura: Do we know how we are going replenish the reserve that we have used?

Council Chair Rapozo: I just talked about what we expect to be an Unassigned Fund Balance at the end of the year.

Councilmember Yukimura: Well, what about all of the other needs that might come up for that Unassigned Fund Balance?

Council Chair Rapozo: Like?

Councilmember Yukimura: Well, we do not know until we get to the end of the year.

Council Chair Rapozo: I guess that is what I think everyone has been asking you about the Charter Amendment.

Councilmember Yukimura: Well, but that is why I am showing that it is not going to work. Are you going to do this every year?

Council Chair Rapozo: I will not be here every year. My point...

Councilmember Yukimura: Well, that is the point, too.

Council Chair Rapozo: My point is that in the event we get a disaster, in the event for whatever reason, whatever it may be, a much more superior need, the Council has the ability to amend the ordinance versus trying to get out to the voters in a ballot initiative two (2) years down the road, potentially, to change a flawed Charter Amendment.

Mr. Rezentes: If you do not mind, I think the other consideration that should be considered is when does the Housing Agency need the money, because if you give them in two (2) months from now, but they do not need it until ten (10) months from now, it is just going to sit, right? If they do not have something in the hopper to use it right away, it may be more prudent when they need it and then try to match or time that funding closer to...

Council Chair Rapozo: I think we heard that with Open Space, right? None of us on this body were here in 2002 when Open Space was passed, but that fund grew and grew and grew until it got to a point where several million dollars. We finally spent that down. But if they cannot use it, it is money that is just sitting in an account. I think that is a concern as well. Councilmember Kaneshiro.

Councilmember Yukimura: For affordable housing?

Councilmember Kaneshiro: I think the conversation here pretty much proved by point about not knowing what the future holds for us. Would you say that the most prudent thing to do, financial-wise, is to wait until we get the certified CAFR? If we have an excess amount of reserve money, then we do an ordinance and

say, "The priority at this time is to put  $x$  number of dollars towards affordable housing." We did that last year. We appropriated four million six hundred thousand dollars (\$4,600,000) to Parks. Nobody said one (1) peep about affordable housing. That is when you know you have the money in hand, you know where it is coming from, and you appropriate it to what is important to the County at that time.

Mr. Rezentes: Yes.

Councilmember Kaneshiro: You also know if there are other things more pressing; paying back our emergency reserves and paying back other obligations that we took money from. You do that first and you prioritize. If affordable housing is a priority at that time, then we ask for the money to go to affordable housing. But at least you know where the money is, right?

Mr. Rezentes: I would agree.

Councilmember Yukimura: Can we hear from Kanani, please?

Council Chair Rapozo: Are there any more questions for Wally? Wally, you might just want to sit up there because I think you will probably be...

Mr. Rezentes: I will give her the "hot seat."

Council Chair Rapozo: Kanani, if you do not mind? Please state your name for the record.

KANANI FU, Housing Director: Kanani Fu, Housing Director.

Council Chair Rapozo: Councilmember Yukimura.

Councilmember Yukimura: I think Councilmember Brun wanted to ask first—okay. Kanani, will this system of ad-hoc budgeting meet your needs?

Ms. Fu: Excuse me? Rephrase.

Councilmember Yukimura: This system of ad-hoc funding if we have money year-to-year, then we will give it to affordable housing. Will that meet your need, because I understood that you have as part of your strategic plan a kind of consistent income for affordable housing for the purposes that Ken Rainforth described; opportunity to purchase land when it comes up and those kinds of things, not just a project-by-project moneys. I think that was in your plan, but I am needing to hear if that is or is not.

Ms. Fu: Sure. Part of our strategic plan we set forth, we started it about in 2010, and then we continued to do it every year. A portion of is it to refund the housing development moneys and specifically, those two (2) if we look at it—and I do not have a copy, but we can get one. The two (2) specific benchmarks was through an ordinance, a property tax. The strategic plan that we wanted to do was to grow the Housing Fund. The mechanism for which we stated on

steps was through an ordinance for property tax, and the second was to then go back and look at...we have many projects that are in-lieu fees that are required and they have not made good on their promises for development, so we have been going after those in-lieu fees. We realize that the Housing Fund needs to grow. The mechanism by when we have proposed in the strategic plan was through an ordinance. It is stated on our strategic plan.

Councilmember Yukimura: So it was kind of to do what the Charter is proposing to do, earmark a certain amount, but not by Charter, but by ordinance?

Ms. Fu: It has a similar intent through a different mechanism, yes.

Councilmember Yukimura: So it would mean, like identifying a certain amount every year?

Ms. Fu: Yes.

Councilmember Yukimura: Or a certain percentage of real property taxes?

Ms. Fu: Yes. What is in our strategic plan and when it was created, it is created every year, and it was a one percent (1%), because how we tailored our strategic plan, and it is done fiscally, was to address our budgetary needs for the following fiscal. So the strategic plan that was done for Fiscal Year 2019 is inclusive of the budgetary needs that we had and the projects proposed. So, to look at that strategic plan today and implement it through the budget, that is how we are going to utilize it. If you asked me three (3) months ago, "Hey a Charter Amendment is going to come. There is a possibility of four million dollars (\$4,000,000)," our strategic plan had to be addressed. It would have to be addressed and probably amended.

Councilmember Yukimura: In your strategic plan, how many units per year are you proposing to build?

Ms. Fu: We do not have a specific unit count. There are projects that have benchmarks to facilitate partnerships and we have certain benchmarks in it. I can provide a copy shortly. I will have my staff send it over.

Councilmember Yukimura: Yes. But I think Kamuela did an analysis and I think we were doing about twenty-five (25) to fifty (50) units a year.

Ms. Fu: Of completed or in the pipeline?

Councilmember Yukimura: No, completed.

Ms. Fu: Because we do have every year, at any given time—right now, we have four hundred (400) something units sitting in different areas of development.

Councilmember Yukimura: Right.

Ms. Fu: How many would come to fruition in the Fiscal Year 2018, zero (0). How many come to fruition in 2019? Five hundred thirty-five (535). It is on the tail end and we move it. So that number fluctuates because the mini projects we have are in different phases of development.

Councilmember Yukimura: Right. But I think what he did was he took an average to see what your performance rate was. So over twenty (20) years, you did twenty-five (25) houses per year. I think when with did Kolopua and Rice Camp together, it was about one hundred (100) per year, which if we are going rev up and do eight thousand (8,000) in twenty (20) years, you kind of have to have a benchmark of so many year units per year.

Ms. Fu: Yes.

Councilmember Yukimura: That would then tell you how much capital you needed per year, sort of, right?

Ms. Fu: Yes.

Councilmember Yukimura: Could you go back and find out what that rate was per year over the twenty (20) years that we have?

Ms. Fu: The rate of what we have developed over the past twenty (20) years?

Councilmember Yukimura: Yes.

Ms. Fu: Is that what you are asking?

Councilmember Yukimura: Right.

Ms. Fu: Is it specific to what the County has directly developed or is it broader in the sense because there are thousands and thousands of units that exist that the County has either placed in a partnership type of manner; we have done partnerships of funding; land acquisition; and there are projects that we do not even put funding, but yet, we provide administrative backing and support to the nth degree. If we are going to talk about the broadness of what we built or what we helped to facilitate, that number is in the thousands.

Councilmember Yukimura: Well, I looked at the list that Ken Rainforth gave to me in 2006, maybe, and that showed about two thousand (2,000) units from the 1970s or so, and if that is updated. It would mean any housing that we have required as a requirement of zoning, any housing that we have built, or any housing that we have facilitated with loans like Habitat for Humanity.

Ms. Fu: Okay.

Councilmember Yukimura: They would be affordable housing, of course.

Ms. Fu: The numbers that Wally presented through the Administration is only a representation of projects that the County has had a direct partnership, either we are the direct funder of the project because of the recipient agreement we have with them or we are the landowner. The question following up with you of the different areas of how we have impacted housing and you brought up those examples, they are not represented on the list. That is why I said we would enter into the thousands if we were to do that analysis, and it does not have any partnerships in here listed with self-help housing, with Hale Lani. We did things like that in Mahelona. We did it in Kapa'a. We did Puhi self-help. Those numbers are not on there. Again, we took the numbers that we were either the direct developers or we had a direct interest in land and financial capital.

Councilmember Yukimura: Okay. I think it would be good to know the division, but it would also be good to know what the affordable housing inventory is on the island.

Ms. Fu: Yes, and we can provide the inventory count.

Councilmember Yukimura: Okay. That would be useful. If the goals to provide—the General Plan says nine thousand (9,000) units, and that is market and affordable. We are trying to figure out how many we will need, government or some kind of subsidy in order to be available to our families. Then, our *kuleana* would be seven thousand two hundred (7,200) or eight thousand (8,000). I do not know if your strategic plan, because it is only been a short time since we had the General Plan, but would begin to address how we are going to provide that many or at least what numbers of that requirement is our target even if it is four thousand (4,000) over the next ten (10) years. So if you could, and I will send you what I have, because it is a communication from your Office that shows that inventory.

Ms. Fu: Okay.

Council Chair Rapozo: I have people lined up for questions on this.

Councilmember Yukimura: Okay. I am done for now.

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: Kanani, do you have an inventory list that she is talking about? I want to know how much total rentals in the County and State that are affordable units that we have on the island, how many families or individuals that is helping, and what the need is as well? I do not know if we have to use a percentage of census data or what have you. But if I can have that information, because certainly, I do not feel good when I hear that we just helped a small percentage. Honolulu does a lottery. You have to be lucky to get picked and for the rest of them, they just have to wait until they can buy something at regular market. I want to see something, I guess, going forward, that is fairer. I would rather have everyone gets a little bit, rather than only a few get the big prize. I do not know.

Senate President Ron Kouchi used to tell me, "The current way is the only way. What is another way?" Like Councilmember Yukimura said, two hundred thousand dollars (\$200,000) per person subsidy is needed.

Councilmember Yukimura: Average.

Councilmember Kagawa: But to me, there are other ways. How about twenty thousand dollars (\$20,000), and you can help ten (10) more families, rather than one (1) person at two hundred thousand dollars (\$200,000)? I would rather help ten (10) at twenty thousand dollars (\$20,000) for a down payment or what have you. I think there are other ways. We just have to decide what is important to us; to help one (1) family all the way or to help one thousand (1,000) families a little bit. I would rather go that route. I would rather help more. I would rather "throw the net." Thank you.

Council Chair Rapozo: Are there any other questions for Kanani?  
Councilmember Kawakami.

Councilmember Kawakami: Kanani, during your time as Housing Director, has a lack of funds ever stopped us moving forward on an affordable housing project? Has that every stonewalled us on moving forward?

Ms. Fu: Not on projects we have facilitated or partnered with. No, not during my tenure.

Councilmember Kawakami: Okay. Can you explain the State Legislature's ability to give us access to Dwelling Unit Revolving Fund (DURF) loans, what that amount is, and how much that is?

Ms. Fu: Okay. The DURF loan specifically? Back in 2015 or 2016 with our current Legislators; Councilmember Kawakami was part of that team, as was Representative Morikawa and Representative Jimmy. We know Lima Ola was coming to the table, and one of the financing mechanisms that the County has really never tapped was the Hawai'i Housing State finance's money aside from tax credits. We have been successful with tax credits. So this year, we went through the DURF loan, a couple year ago we went through a few legislative passes, and what we noticed in the DURF loan was it really was more...

Council Chair Rapozo: Kanani, I do not mean to interrupt. What is DURF?

Ms. Fu: DURF is an acronym that stands for Dwelling Unit Revolving Fund. It is a loan with interest that is through the State. So, you can apply for it through the State.

Council Chair Rapozo: Thank you.

Ms. Fu: Historically, it was only available to developers of projects, so the County would have qualified because we are developers.



However, through our work at the Legislature, the DURF became available to Counties to fund regional infrastructure projects that support housing. Through that passage of 2016, we were able to access DURF financing, the County of Kaua'i. That will be coming to you shortly in a few weeks, and is the first County that accesses the DURF loan. The State recognized this need in 2016. We have sat on many of task forces to get this, and we utilized that mechanism to then bring money back to Kaua'i. The DURF loan access for a project that we are applying for is thirteen million dollars (\$13,000,000). Wally talked earlier about accessing money with very little interest and then repay it through land transfers and whatnot.

Councilmember Kawakami: Okay. Can you mention about the two hundred million dollars (\$200,000,000) for the Rental Housing Revolving Fund?

Ms. Fu: I can. In addition to DURF, so we have access that money, and that is regional infrastructure. The State also made available two hundred million dollars (\$200,000,000) for Rental Housing Funds. Every project we have put out in the last several years are multi-family projects, has utilized that fund. It has always been limited. This year, we now have two hundred million dollars (\$200,000,000). So, we are literally now scrambling to put projects on the books so we can utilize that fund. Ironically this year, and it was unanticipated and unexpected, but nonetheless, that support is there. That funding is there for us to access should we want to utilize Revolving Funds for rental housing, which is what the County Housing Agency has been developing over the course of the last five (5) years.

Councilmember Kawakami: Our access to all of these funds is truly a testament of you collaborating at the State level and at various different levels to go hustle this money. It is competitive, and unless you can build those relationships, it is hard to secure. Thank you. But, let us take a look at the overall housing issue. Can we talk about the Housing Ordinance? Is that a factor that needs to be revamped to get more affordable housing units? Let us look at big-picture. It is not about four million dollars (\$4,000,000). It is not about a Charter Amendment. The baseline is all of the moving pieces to get affordable housing, which is land, infrastructure, and our ability to go and compete and get these loans and get these DURF funds. What about this Housing Ordinance? What should we do to take a look at that, because it gives credits to, quite frankly, areas that I do not think is actually helping affordable housing? To give a tax credit to affordable homes that are the same size as a market home, that is what is creating unaffordability. We are trying to move units to more compact to get more density. It kind of goes contrary to what we have been talking about. So, let us talk about the Housing Ordinance.

Ms. Fu: Okay, the Housing Ordinance. As we addressed housing concerns, the Ordinance has been brought up. I want to make it clear that the Agency is responsible for overseeing the Ordinance. We may not necessarily agree with it and frankly, it is difficult to really analyze the impact of the Ordinance itself because there are a variety of factors that contribute to the lack of housing; infrastructure, land, costs, and the Ordinance. I do not want to stand up here and say, "Hey, the Ordinance is the reason why we have not built housing." That analysis is currently taking place. We hired a consultant. We recognize that we have

heard the community that the Ordinance is killing housing. Okay. But we do not do things without analyzing it. We hired a consultant to analyze the Ordinance right now, and it is see the impacts it has had on supply or demand; is the Ordinance, as it stands, affecting or creating what the purpose and intent was to deliver more units; and is it reasonable for developers to meet the requirements of the Ordinance? Unfortunately, until those answers have been done and we go you through this analysis process, which the draft should be out by August 30<sup>th</sup>, I am not going stand here and say, "Hey, the Ordinance is the reason."

Councilmember Kawakami: Is our ability to get these affordable housing units dependent on large scale developments, getting their approvals, and getting their build out? Is that the basic concept of what, Ordinance No. 860? Is that what it is?

Ms. Fu: The concept for the Ordinance was to create an equitable approach of those that were going to build market housing and then to create and mandate affordable units so that the supply would not be targeted to one (1) group. I would assume at the time, the Council saw or envisioned that we would be priced out of homes if we did not enact some sort of legislation.

Councilmember Kawakami: But the bigger the development, right?

Ms. Fu: The bigger the exaction.

Councilmember Kawakami: The more we get?

Ms. Fu: Yes.

Councilmember Kawakami: And of course, the bigger the development, the more people are going to push-back on it because it is quite clear that there is a voice on Kaua'i that would like no more growth.

Ms. Fu: Yes.

Councilmember Kawakami: And yes, our Ordinance is designed to have "the more you grow, the more units we get."

Ms. Fu: Yes.

Councilmember Kawakami: It is contradictory.

Ms. Fu: I want to point out that sometimes, ordinances, such as this, could prevent housing. I will give you an example. The Kilauea Town Plan was an ordinance, a law enacted, or a plan enacted in the 1970s. By our Ordinance, we have to honor that Kilauea Town Plan. Anyone that comes in, I believe the affordable housing exaction on that plan that was done in the 1970s is seventy percent (70%).

Council Chair Rapozo: Seventy percent (70%)?

Ms. Fu: Yes. The requirement. Do you see housing going up in Kilauea? Ordinances that have good intent, and if we are not changing it or sticking through the times of change, could actually prevent us from developing.

Councilmember Kawakami: Thank you, Council Chair Rapozo. The point I was trying to make is that the housing crisis is real and we all recognize that. But there are so many different moving pieces to this. The comment made earlier by one of the testifiers saying that "if you do not have money, you cannot move forward on projects," is not necessarily a true statement. Maybe it was, but in this day and age under this Administration, we have been able to move on projects despite not having the funding and having to go and find the funds. I wanted to clarify that. I also want to clarify that on the Charter Amendment, there is a comparison between the Council's move to put on the ballot the subject of term limits. It is comparing apples to oranges. This comes down to fiscal responsibility and good policy. In my opinion, and it is just my opinion, this is well-intended. Everyone is going say, "Yes, we should absolutely put money into affordable housing." But we do not have a clear plan. We do not have a clear plan as to where to find that money. If we are going to get somewhere, we have to know how we are going to get there. Four million dollars (\$4,000,000) plus is a big cut. We went through this budget. What did we cut? Do you know what I mean? To build a restroom, we had to raise revenue. That is business. You either make the cuts or you raise revenue. Councilmember Chock and I went back and we found a compromise to raise that revenue. This is apples and oranges to compare both of those topics. Quite frankly, it further clouds the issue and makes it even more confusing for our constituents as well. Thank you, Council Chair Rapozo.

Council Chair Rapozo: Hang on. I have Councilmember Chock, but I have a follow-up involving the housing policy. Kanani, do you think that the current definition of one hundred forty percent (140%) of median income for affordable, do you think that is an issue? Do you believe that one hundred forty percent (140%) of the area median income, which is about eighty thousand dollars (\$80,000) right now, one hundred forty percent (140%) of that is an affordable unit? Or should it be the eighty percent (80%) like it used to be?

Ms. Fu: To clarify, the incomes we serve up are those that make up to one hundred forty percent (140%). I believe one hundred forty percent (140%) for a family of four (4) is one hundred fifty thousand dollars (\$150,000). The fact that we serve up to those incomes, one hundred forty percent (140%), does not necessarily mean we are building to support the higher earned incomes. There are a variety of mechanisms that come into play and historically, the one hundred twenty percent (120%) or one hundred forty percent (140%) came from the issue that there was a time when moneys were available for gap financing for those higher income groups. That is how that gage was chosen. Affordable housing, by definition, is a person's income whether they are at eighty percent (80%), two hundred percent (200%), or one hundred forty percent (140%), where they fall in the spectrum. The Federal definition is no more than thirty percent (30%) of income.

Council Chair Rapozo: But when we do an exaction or a condition on a developer, we state that  $x$  amount percent has to be one hundred forty percent (140%) and below.

Ms. Fu: Yes, there is a thirty percent (30%)/thirty percent (30%)/thirty percent (30%)/ten percent (10%) where thirty percent (30%) is at a certain income, thirty percent (30%) of your project has to be allocated there, thirty percent (30%)—so it creates a mixed-income kind of project. Or, you can have all of the units average out at one hundred percent (100%).

Council Chair Rapozo: Right.

Ms. Fu: Which is your median income.

Council Chair Rapozo: I guess that is the question, because when you are using one hundred forty percent (140%), that is like a weird place to be because most of our local people cannot afford that or would not qualify, and some do. Then, we get the influx of people from outside coming in and buying up those units. So, they are taking away inventory and the people that actually are in that lower category actually have absolutely nothing. I guess for me, the concern is that we are allowing the developers to fulfill their affordable housing requirement to provide housing for people that are really in a financial position that are much better off than the people that really need these housing units. Just something to ponder on because I think we have to really take a look at that definition. As we start requiring people to build their units, that it needs to fulfill the most needed area, and that is up for debate. Councilmember Chock.

Councilmember Chock: Thank you. Kanani, I heard different numbers; one million eight hundred thousand dollars (\$1,800,000) and other numbers, in the past. What I am hearing is four million dollars (\$4,000,000) is what the proposal is, can you use that four million dollars (\$4,000,000) effectively?

Ms. Fu: Today?

Councilmember Chock: If this was passed.

Ms. Fu: Yes, we will plan for it.

Councilmember Chock: If this were to ultimately pass.

Ms. Fu: Yes. Moneys can only be used. Let me be clear on how I do moneys. I normally find the project and then I chase the money. Historically, I do not use the County's money. I go use everyone else's and that is how the Housing Agency has been. The reason is, housing is a complicated process, right? You can tap HUD funding and Federal funds, but it only takes you so far. Then, you have to get creative. Do you want to produce the results that we have been producing? You chase the Legislature. These past two (2) years, we spent at the Legislature. This year, I did not spend one (1) day there. I spent most of the time with board members of different groups because funding opportunities change with

the election of a new Administration. We have to be agile and adjust those changes and I think that has been our success at the Housing Agency. We have been successful because of our ability to adapt and seek financing, and frankly, the Council support. The Council supported the past, since I have been here, has been unanimous for projects. It has been unanimous for funding. I have come several times for items that has not been budgeted. It has never been shut down. Yes, we can always use more money. As the Director of an agency that is responsible for delivering housing, I am always open to taking more money from whomever wants to give it. That is where I stand as a Director because in the agency, that is where we move. But on an administrative level on an overall picture, that may not be the same picture as our Administration and that is at the forefront right now.

Councilmember Chock: Understood. When I hear you say, "I could take the four million dollars (\$4,000,000) and use it," is that you essentially have a plan for utilizing that in order to build more affordable housing, if that was given to you. Is that correct?

Ms. Fu: We could execute it, yes. We would have to be creative. I do not believe if we were to have it handed to me today that it would be as effective as leveraging power as you have seen us in last five (5) years. I do not think it would be used that way. It would be used more, Councilmember Kagawa addressed it, perhaps the finance gap issue and those things.

Councilmember Chock: The reason why I am asking is I am trying to wrap my head around the goal that we are all trying to achieve. Again, I heard one million eight hundred thousand dollars (\$1,800,000) and forty million dollars (\$40,000,000), so this is what we should be aiming for. It is almost obscure to me because of it. I just want to be able to support what that projection is for you. You have answered the question and I just want to make sure that I am moving in the right direction of that support.

Council Chair Rapozo: Kanani, what is the leverage amount? We talked about twelve dollars (\$12) to one dollar (\$1), eight dollars (\$8) to one dollar (\$1), and six dollars (\$6) to one dollar (\$1).

Ms. Fu: I would conservatively say about between twelve dollars (\$12) to one dollar (\$1) and fourteen dollars (\$14) to one dollar (\$1). The reasoning is a lot of the analysis is not inclusive of administrative time and resources. That is unaccounted for.

Council Chair Rapozo: Right.

Ms. Fu: So if we spend the year entitling projects, my whole staff, so that is why I want to less it to about twelve dollars (\$12) to one dollar (\$1). I would say conservatively, we are at twelve dollars (\$12) to fourteen dollars (\$14).

Council Chair Rapozo: Just because the math, let us just say conservatively, ten dollars (\$10) to one dollar (\$1) is the ratio. If you received four

million dollars (\$4,000,000) in one pop and you would spend it or you would go out and use it maybe for some direct projects or spend the four million dollars (\$4,000,000), versus receiving one million dollars (\$1,000,000) that has a plan for leveraging for every one million dollars (\$1,000,000), you would get twelve million dollars (\$12,000,000) or let us say ten million dollars (\$10,000,000). For that same four million dollars (\$4,000,000) over time and insert it into a plan that is doable, you can look at forty-eight million dollars (\$48,000,000). If you are doing it responsibly over time and not just receiving a lump sum, "Oh, my gosh. Let us go buy four million dollars (\$4,000,000) worth of land." So that four million dollars (\$4,000,000) invested was worth four million dollars (\$4,000,000), versus four million dollars (\$4,000,000) over time that would give you the opportunity to leveraging power to convert that four million dollars (\$4,000,000) into forty-eight million dollars (\$48,000,000). I mean, hello? It is like, would you like one million dollars (\$1,000,000) or one (1) penny double the day every day. I think when we think about these things, it is nice to say that we are going to give you four million dollars (\$4,000,000), but for you, what is the best scenario? Is it a planned approach where you have an opportunity to come to the Council and say, "Hey, if I can get two million dollars (\$2,000,000), I could turn it into fourteen million dollars (\$14,000,000) or twenty-four million dollars (\$24,000,000), versus I will take your four million dollars (\$4,000,000) and I will spend your four million dollars (\$4,000,000). I am looking long-range. What is the best "bang for the buck," and what I am hearing is that letting you do your job in coming to the Council and say, "Hey, I can turn your money into a lot more."

Ms. Fu: This Administration, yes.

Council Chair Rapozo: Yes. Okay, thank you. Councilmember Yukimura.

Councilmember Yukimura: Kanani, you described the DURF, the Dwelling Units Revolving Fund, and then you mentioned a two hundred million dollars (\$200,000,000). What is that called?

Council Chair Rapozo, the Presiding Officer, relinquished Chairmanship to Council Vice Chair Kagawa.

*(Council Chair Rapozo was noted as not present.)*

Ms. Fu: The Rental Housing Revolving Fund.

Councilmember Yukimura: Okay. Would either of those funds support the purchase Courtyard at Waipoli?

Ms. Fu: Yes. If we are going to utilize it for rental housing, which is primarily our vehicle, that is what it would be for unless we were to chop it up and sell it off, which would not be our intent. The Rental Housing Trust Fund can be used for that.

Councilmember Yukimura: Is the two hundred million dollars (\$200,000,000) for the whole State or is it for us?

Ms. Fu: I would say approximately, if I am doing the math right, there was about one hundred million dollars (\$100,000,000) that was allocated for projects and the other one hundred million dollars (\$100,000,000) remains free to apply. Now, sometimes during certain cases where the projects that has received an allocation and they recognize or the County recognizes that they cannot spend it, it will go back into the fund and we can utilize that as well.

Councilmember Yukimura: So that one hundred million dollars (\$100,000,000) is earmarked for certain projects? People apply and then they are granted a certain amount?

Ms. Fu: Yes and no. In this particular legislative year, because we had many initiatives; we had the Rental Housing Task Force, the Transit-Oriented Development Task Force; we had three (3) types of task forces that we are looking at housing. Those task forces made recommendations to the Legislature for specific projects. Those recommendations from those task forces, Lima Ola was one of them and so was Pua Loke in Līhu'e, received legislative earmark allocations for those.

Councilmember Yukimura: I see.

Ms. Fu: Then, the Rental Housing Revolving Fund still had additional money that remains that developers and Counties can access. But in addition to that, the legislature put in an extra one hundred million dollars (\$100,000,000).

Councilmember Kagawa: We are five (5) minutes beyond our caption break.

Councilmember Yukimura: Just one (1) last question. Who allocates the second one hundred million dollars (\$100,000,000)?

Ms. Fu: It was allocated through the State Legislature.

Councilmember Yukimura: So the Legislature determines project-by-project which housing projects to do?

Ms. Fu: No.

Councilmember Yukimura: Who decides that?

Ms. Fu: Hawai'i Housing Finance and Development Corporation (HHFDC) does.

Councilmember Yukimura: Oh.

Ms. Fu: The money goes into HHFDC and then you apply your project through that.

Councilmember Yukimura: Okay.

Ms. Fu: It goes through a vetting point system.

Councilmember Yukimura: Is that the second one hundred million dollars (\$100,000,000)?

Ms. Fu: Yes, we could apply for that.

Councilmember Yukimura: Okay. The first one hundred million dollars (\$100,000,000) is by the Legislature?

Ms. Fu: Yes.

Councilmember Yukimura: Okay. Thank you.

Councilmember Kagawa: Okay. We are going to take a caption break, and we will take Councilmember Kawakami right after.

There being no objections, the meeting recessed at 3:36 p.m.

The meeting reconvened at 3:47 p.m., and proceeded as follows:

Council Chair Rapozo: Is there any further discussion before I take public testimony?

Councilmember Kagawa: Councilmember Kawakami had a question for the Administration.

Council Chair Rapozo: Okay. Were the rules still suspended, Councilmember Kagawa?

Councilmember Kagawa: Yes.

Council Chair Rapozo: Okay. Where is the Administration? The Administration? Can you have them come in? Is there any more discussion while we are waiting? I am going to move on because we have a bunch of more bills.

Councilmember Yukimura: Can we hear from the public?

Council Chair Rapozo: We are going to hear from the public. Councilmember Kawakami, you had the floor before the caption break. Did you still have further questions?

Councilmember Kawakami: I do have a question for Kanani and also Wally or maybe even Lyle can answer it.

Council Chair Rapozo: Okay.



There being no objections, the rules were suspended.

Councilmember Kawakami: Kanani, as you are walking up, how much units of affordable housing are going to come up with Lima Ola?

Ms. Fu: Totality? Five hundred fifty (550).

Council Chair Rapozo: You are going to have to do it again so the microphone can pick you up.

Ms. Fu: Kanani Fu, Housing Director. Phase I has one hundred forty-nine (149) and the total project in four (4) phases, is five hundred fifty (550).

Councilmember Kawakami: Okay. Thank you. My question for Wally or it could be Lyle is, what is going to be the biggest Capital Improvement Project that the County of Kaua'i will be facing over the next, I do not know, over the next Administration's term? How much will that cost?

Mr. Tabata: The landfill.

Councilmember Kawakami: How much is that going to cost?

Mr. Tabata: Right now, the projection is sixty million dollars (\$60,000,000).

Councilmember Kawakami: Do we have money set aside to build that out?

Mr. Tabata: We will be securing State Revolving Fund (SRF) loans.

Councilmember Kawakami: Do we have any County funds that are going to have to be appropriated to that project as well?

Mr. Tabata: The debt service.

Councilmember Kawakami: Okay. When are we expecting to break ground on that project and how much more live do we have to the Kekaha landfill?

Mr. Tabata: The Kekaha landfill is presently going through permitting for the final lateral expansion, which should take us to 2027. We expect the new landfill to break ground in 2021 to begin construction, and be completed by 2025.

Councilmember Kawakami: How much is the debt service going to cost us?

Mr. Tabata: I do not have that off the top of my head right now.

Councilmember Kawakami: Okay. Thank you, Council Chair Rapozo.

Council Chair Rapozo: Thank you. Are there any other questions for the Administration while they are here? If not, thank you very much. While the rules are suspended, is there anyone in the audience wishing to testify? Do we have any registered speakers? Can we have the first one?

Ms. Fountain-Tanigawa: The first registered speaker is Jim Edmonds, followed by Dr. Sandee Mattson.

Council Chair Rapozo: Mr. Edmonds.

JIM EDMONDS: Hi everyone. Thank you, Councilmember Yukimura, for trying so hard. You all know...

Council Chair Rapozo: Can you start by stating your name for our captioner?

Mr. Edmonds: Jim Edmonds.

Council Chair Rapozo: Thank you.

Mr. Edmonds: You all know I am a fanatic about affordable housing. I would advocate anything that brings in money to help the affordable housing crisis as long as it is legal, I guess. But my testimony has changed dramatically in watching this today and watching how hard you folks are all working to try to figure this out. I do appreciate that. There are just a few points left that I have to make, and one of them is that I am not sure if this is the right method of doing this. But, if you do not have anything better, than I support it whole-heartedly. The main thing that I would suggest is that you have a set plan for what is going to happen with the money, that you allocate it and set up a plan as to how the money is going to be used. I am sure Kanani can do that very effective. She does that very effectively. Most of you know this, but I am going to share it again just to be clear, almost exactly half (1/2) of the homes on this island now are being sold to new people who are coming here. On July 4<sup>th</sup>, there were seven (7) homes on the island listed for under five hundred thousand dollars (\$500,000). If you are living in a bubble and not tuned into what is going on, that will put it into perspective. I saw a standard three-bedroom home in Kīlauea for rent for four thousand five hundred dollars (\$4,500) a month a couple of weeks ago. I do not know what this means for the local people. I know intelligent people who are living in their cars. You have heard that there are suicides in the community and most of us kind of write that off. You might want to look up an article September 10, 2017 in *The Garden Island* by Allan Parachini, in which he said that we basically have an epidemic of suicides. As of September 10, 2017, the amount of suicides had already doubled all of the suicides in 2016. It was estimated to be one hundred twenty-five (125) people who had tried to take their lives and who had not done so. This was on the island of Kaua'i. This is a very small place to have numbers like that and we are very concerned about it. Why would I support this or anything else that would cause this to happen? My main point, if you do not hear anything else that I have to say, is that if you want to bring affordable housing

developers back to this island, they have to trust that the County is willing to “put up its money where its mouth is.” They are not going come back because they had to leave. It is too discretionary. They cannot handle it.

Council Chair Rapozo: I will have to stop you there. Are there any more testifiers? You can come up for your second three (3) minutes later. Thank you. Who is the next speaker?

Ms. Fountain-Tanigawa: Sandee Mattson, followed by Bridget Hammerquist.

Council Chair Rapozo: Stanley.

Ms. Fountain-Tanigawa: Sandee.

Council Chair Rapozo: Oh, Sandee. I am sorry. Okay. Bridget.

Ms. Hammerquist: Thank you. Bridget Hammerquist, for the record. It is really hard to sit out here and listen to the comments that you all are making because some of them really do not make much sense at all. This County and its citizens years ago, voted on a measure that committed no less than point five percent (0.5%) of the General Fund to Open Space every year. As Council Chair Rapozo pointed out, that grew and grew and grew, and became a nice fund when the County needed it. All we are talking about is asking that the Charter Amendment be allowed, that Councilmember Yukimura’s proposal to put three percent (3%) fund that will come not from the General Fund, the total income to the revenue, the total revenue source to the County, but just from real property tax revenue. Three percent (3%) of real property revenue will be annual commitment, year in and year out, and it will make a fund. As Kanani said, the one thing that you can rely on she said, is that the Administration changes and the Council changes. That is the point. That is why constituents went to Councilmember Yukimura and said, “We need something permanent. We need something like the Open Space Fund. We need to know at least three percent (3%) of real property revenues will be committed to affordable housing because if we were doing such a great job with affordable housing on Kaua’i, there would not be the crisis that there is. There would not be the suicides.” There is one woman what I heard testify that said there was a suicide directly related to an inability to house themselves. So, even one (1) home and this was for Councilmember Kagawa’s comment, spreading it around is a nice idea. But getting one (1) person into a residence is a big victory, and getting twenty (20) people into a residence each year is a big victory. If you can do more, great. Kanani seems like a very capable Housing Director, so you do not have to sit here and figure out how the money will be spent. It is not bad that it sits in an account and cannot be used for a time. She will line it up. She will get money, and if you can hear the kind of leverage that County has done, ten million dollars (\$10,000,000). They gathered one hundred fifty-five million dollars (\$155,000,000) of outside money to match ten million dollars (\$10,000,000). That can build some homes and it can take away the crisis. If Maui can commit two percent (2%) of their General Fund, not just their real property revenue, to their affordable housing, we should be able to commit three percent (3%). We are much smaller. Our revenues are smaller. We should be able

to commit three percent (3%) of our total real property revenue, which not the total revenue income for the County. We are just talking real property revenue. I will just sum up by saying that the issue is whether or not to give it to the voters. You do not have to decide the merits of it, but give it to the voters and if they value it like they did open space, they will vote it in. If they do not value it, it will not pass. But at least give them a chance. Thank you.

Council Chair Rapozo: I have to stop you there.

Ms. Hammerquist: Thank you.

Council Chair Rapozo: You are welcome. Anyone else?

Ms. Fountain-Tanigawa: Eileen Kechloian, followed by Anne Walton.

Ms. Kechloian: I, too, had a hard time hearing some of the comments that I heard. Eileen Kechloian. I am now retired. But since I was in my early twenties, I set a little bit of money, not the full amount I could have, if I had the money, aside. Every year, from my retirement. It sat there, it was invested, obviously, but now, it is coming out the other way because now I need it. If we do not have anything set aside, then we cannot take it back out. When it came time to you folks to decide on whether or not to buy that property in Hanalei, the only reason you could was because you have been setting money aside on a regular basis. If you do not set money aside for housing, you are not going to have—if someone comes along today and says, “Hey, listen. I really need to dump this land and it is perfect for housing, but I am leaving the island. You can have my property.” You do not have the money to buy it. The other thing that bothered me was when our friend Wally was up here and he discussed how we could do bonds and basically borrow the money because we will not have it set aside. To me, that is the most unfathomable thing to do because then you are borrowing your children’s money. You are borrowing the future. Just really think about setting some aside. If you folks really do not like the three percent (3%), come up with a number that you can agree on. There has to be something because you folks could all agree. Then from there, you can do an ordinance to add or subtract, whatever you want to do. What is the difference? You do not have to do it all one way or all the other way. We just need to handle it. I think the people will have a lot more respect for the people that run our Administration if they have some voice in it that they can really be heard. If you do not like the three percent (3%), make it something else. Just let the people vote because it makes them feel part of it. Thank you.

Council Chair Rapozo: Anyone else?

Ms. Fountain-Tanigawa: Anne Walton, followed by Kumiko Miranda.

Council Chair Rapozo: Anne is not here. Who is the next one?

Councilmember Yukimura: Kumiko.

Council Chair Rapozo: Who? Kumiko.

Ms. Fountain-Tanigawa: Kumiko Miranda, followed by Marion McHenry.

KUMIKO MIRANDA: Good afternoon and thank you very much.

Council Chair Rapozo: You need to sit because of the microphone.

Ms. Miranda: Okay.

Council Chair Rapozo: And please state your name.

Ms. Miranda: My name is Kumiko Miranda. Once again, I am thankful for being here. I have listened to many interesting discussions throughout the day and I just want to thank you all for your faithful and enduring service. I do not know how you folks do this. I was asked to come and speak to share about my personal situation with the housing and homeless crisis. I was living in my car for five (5) months and twenty (20) days, and my two (2) teenagers were houseless, homeless, and displaced for five (5) months and twenty-two (22) days. Just the way the State is set up, the crisis or the emergency shelter system, I received no support. I received no help whatsoever. In the first three and a half (3½) months, I was isolated in my car in the pummel rain, with no family or friends. It was just myself. I found myself in dire ideas of depression. I did not see an end to this. I had a housing voucher, but I am just telling you that there are realtors and landlords who want to rent to us that have vouchers, but their units cannot pass. If there was funds to help these landlords and realtors to get their homes HUD-ready, that would help the realtors and landlords in our community who want to house us. I was denied four (4) times because of strict Federal mandates that are imposed on our Housing Agency. In a crisis such as this, these mandates should be carefully observed whether or not it helps in housing our HUD recipients, as well as our residents that do not have vouchers. I do support any measure that would get our families, especially our children, off of the streets. It was very detrimental for my two (2) teenagers, very detrimental. I do want to announce that as of July 1<sup>st</sup>, we got housing. But I want to say that it was a little miracle an act of God to get it. It was in combination with HUD vouchers, it was also a local landowner who was willing to rent, and also, a wonderful realty company and realtor who happens to also be Hawaiian and who happens to also be housing four (4) generations of his family in his own rental. It took a group of good people to house my family, but I told myself that I made a commitment. Even though we have housing, I still want to speak up for our community that are out there that are depressed, feeling suicidal, feeling no hope, and thinking that this is it. I would like to see emergency shelters to house our residents whilst you folks are doing the wonderful things that you are doing. I know Kanani is doing all she can, and so is the Kauai Planning & Action Alliance, Inc., which is just now forming to get the support out there to us people.

Council Chair Rapozo: Thank you. I am going to have to stop you there. That was your first three (3) minutes. Is there anyone else?

Ms. Fountain-Tanigawa: Marion McHenry.

Council Chair Rapozo: You can come back for a second time later.

Ms. Miranda: Okay. Thank you.

Ms. Fountain-Tanigawa: Followed by Lonnie Sykos.

Council Chair Rapozo: Lonnie Sykos.

Mr. Sykos: For the record, Lonnie Sykos. First, I would like to say that I lived on Maui for twenty-five (25) years and the idea that it is apples and apples to compare our process and where we are at financially with Maui, is not apples to apples. For one thing on Maui when you create developments, you are required to build affordable housing. The housing problem on Maui is, in part, the lack of building housing, but it is more a problem of investors buying the housing and taking them out of marketplace. So, that is a separate problem from the basic problem here. I think we need a discussion about rental versus ownership. It is "whack" to me to spend two hundred thousand dollars (\$200,000) to subsidize buying a house at market, selling it to someone at below market, and then twenty (20) years later, they get to pocket not only the two hundred thousand dollars (\$200,000) of taxpayer money that put them in the house, but they get all of the equity. This is not fair for the taxpayers, right? I utterly agree with Councilmember Kagawa; the idea of we basically have a lottery. We have about ten thousand (10,000) people signed up for the lottery and a dozen of them gets a home, everyone else gets nothing, and the general taxpayers get to subsidize putting people in houses for two hundred thousand dollars (\$200,000)? That is "whack." We need rentals, not ownership. We do need ownership, but we need rentals. Where in the world do people that get poverty-level wages buy homes? Where? The problem on Kaua'i starts with low wages. The problem on Kaua'i is, our resorts are sitting on literally, billions of dollars in property appreciation, which they will pocket and send off the island when the properties are sold, which they will be some day in the future. It is unlikely that the Grand Hyatt Kaua'i & Spa will own that property one hundred (100) years from now. We have all of this money being made in real estate, literally billions of dollars, but we cannot afford housing for the people employed in the industry, right? There is a structural problem that has to be addressed beyond the details. The Charter Amendment, to me, that is crazy. This should not be in the Charter. You folks should do this in the budget. If the County is incapable of budgeting four million dollars (\$4,000,000) or whatever every year, then so be it. But doing this through a Charter Amendment and tying the budget hands is not any way to run this railroad. Thank you.

Council Chair Rapozo: Next.

Ms. Fountain-Tanigawa: There are no further registered speakers.

Council Chair Rapozo: Is there anyone willing to testify for the first time that has not spoken yet? If you could just state your name for the captioner.

JANET MULLER: Yes. Janet Muller. It has been a long day for all of you and for all us. Unfortunately, we lost a lot of people that wanted to testify. I am not one that wanted to, but now, I feel that I have to. When I learned about

this, I thought it was absolutely wonderful because it protects the children, the next generation. To me, I do not know why you are afraid of putting it on the Charter and letting people vote, because you have done it for other things. Look how well it has worked for the Open Space Fund. You people are a revolving body. You are not going to be sitting here long-term. When there is a crisis, it is so wonderful to have a pot of money there to protect and save our weakest people. Things take time. Just listening to you, "We cannot do this until we do this," "we cannot do this until we study that," "and we cannot do this." It is just like what we went through with Hurricane 'Iniki. It took some brilliant people to pull that together, and for planning for crises is what we all need to do in life. Having that nest egg there for affordable housing is, to me, a no-brainer. It is wonderful. It is not that much money. It is already there and it is going to be there every year. I rent condominiums. I am very happy to think that some of the money through my work would go into a pot to help the local people. I feel bad for the local people because it is not fair when big money comes in and buys up, and makes money on money. This is just proof, to me, for this Council to let this go to the people and that you trust the people's judgment. You are not trying to keep all of the power in your group, which rotates and rotates. I just think the whole thing is a great idea and I really respect the amount of work that Councilmember Yukimura and other people have put into this. The explanation was very clear, and I just totally believe you need to take some courage, put it on the ballot, and let the people vote. If they vote it down, then do your ordinance. But any time there is a crisis, anything that is there to save the moment instead of trying to get it coordinated when there is no electricity and no phone connections just like with Hurricane 'Iniki. Thank you. Thank you for the good that you do. It has been a long day. Please think about what I said.

Council Chair Rapozo: Thank you very much. Anyone else wishing to testify for the first time that did not speak earlier?

Mr. Crowe: Good afternoon everyone. Greg Crowe. I had prepared remarks earlier before hearing the discussions earlier today and earlier this afternoon where a lot of great points were brought up all the way around. I still want to go back to two (2) main points that I was going to have to start off with anyway, that I support the proposal, either that or something better, because it has a good intent behind it. We need to do something to change the way we have been dealing with affordable housing. As one of those old sayings, if you keep on doing the same thing and expecting a different result, that is craziness. We have a long history of not being able to address the affordable housing problem here. While it is not solely a problem for Kaua'i, it is a national/global problem. Kaua'i is one of the worst places in the Country and in the world in terms of the disparity between affordable housing and what people make here. The affordability index elsewhere is better than it is here, and it is affecting people throughout the whole spectrum. I was just thinking when you talk about the business employees, they are saying they cannot find employees because people cannot afford to live here. That is on the high end. I was talking to one of the resort managers, they cannot hire managers at the resort anymore because people cannot afford to live here. At the lower end, people are leaving the island because they have a better deal elsewhere. Schoolteachers, there was an article in the Star Advertiser two (2) weeks ago talking about the alarming rate at which school teachers are leaving Hawai'i because they cannot afford to live

here. The National teacher organizations rank what they call “comfort index” and Hawai‘i is dead-last out of all fifty (50) states. Sorry, but we are not just going to get off the hook here by saying that it is a global problem. There are unique aspects to the problem here that we need to address. The two (2) main features and whatever other way to might want to come up with solving this problem, the two (2) main features that are addressed by what Councilmember Yukimura proposed, and you might want to tweak it or do something different, but the two (2) main features that need to be addressed are one, you have to give affordable housing a top priority in the County budget, and two, whatever commitment is made has to be enduring so people can plan on it. I quote the Deputy Director of the Planning Department, Ka‘āina Hull, who testified to this Council several months ago, and maybe you do not remember. But when asked “what is the biggest problem to getting affordable housing done here,” he said that even in just that week, he had met with two (2) affordable housing developers who are successfully supply doing projects elsewhere and they will not come to Kaua‘i. The reason they gave is because of what he called the—I want to remember the exact words, “the discretionary nature of our approval process.” Now, that basically translates into meaning that no one looking at the prospect of coming here sees a clear way to get the approval, financing, and everything done in a sufficient time. When things are achieved here, it needs to be done in whatever way you come up with doing it, and it is certainly not an easy problem. I do not envy you the problem or the issue. But it has to be something that is consistent that people see there is a different style of functioning here on Kaua‘i if we want to attract successful affordable housing developers to help us solve the problem.

Council Chair Rapozo:  
the first time?

Thank you. Anyone else wishing to speak for

Mr. Hart: I do not think that anyone on this Council does not realize or anyone on this island, unless they are brand-new, does not realize that we have an affordable housing problem. I am not going to address that. You folks know that well. What I want to address, is the specific issue of this Charter Amendment to raise three percent (3%). No. This is not the way to do it. One of the thoughts I had was that once this is enacted and if the people vote it in, what about the people that come after them? There was an article op-ed in The Garden Island newspaper just recently on this issue. The writer of this op-ed used adjectives and the superlatives in relationship to this proposal such as “brilliant,” “simply brilliant.” No, it is not. It is the same old socialistic progressive mindset and ideology that got us into so many messes in this Country as far as finances. Councilmember Kagawa said we are twenty-one trillion dollars (\$21,000,000,000,000) in debt. Does anyone realize that we have two hundred fifty trillion dollars (\$250,000,000,000,000) in outstanding and unfunded liabilities? Is it moral? I want people to have housing, but it is moral for the government to provide housing when they cannot give it to everyone? If I asked this Council, “Give me a free house, give me a free car, a free chicken in every pot,” it is just not possible. It is not workable. We do not live in that kind of world. It is not a reality. We are going to have to find solutions to affordable housing that are fair, equitable, and within the rule of law. I am a strict constitutionalist. I do not believe that this proposed, what I consider entitlement program, is going to really help us in the end. It is going to become a monster that eats us up. Thank you.



Council Chair Rapozo: Thank you. Anyone else wishing to speak for the first time? Okay, second time? Do you want go down the list really quick? Who wants to speak for the second time? Okay, come on up.

Ms. Hammerquist: I think you all know that this proposal is about putting...

Councilmember Yukimura: Give your name.

Ms. Hammerquist: My name is Bridget Hammerquist. I am sorry. It is just about putting a measure on the General Election ballot for the public to vote. The last gentleman who testified, is an example of some people who will not like it and some people will. But that is the whole beauty of a democracy. I had the pleasure of being taught by a strict constitutionalist, Justice Kennedy. It was hard for me to believe it was time for him to retire because I still remember him in class. But in looking at our County budget, we have, as Council Chair Rapozo so properly pointed out, we have a "slush fund" that comes back every year. He was upset about it and I was, too. There are so many unfilled positions that are funded annually, and we are going to have twenty million dollars (\$20,000,000) that comes back in December. The County does have money. There is money there to handle a three percent (3%) commitment. But as Kanani said, the one thing is certain, is the Administration will change and the Council will change. That is why when people pass the Charter Amendment, that said that there should be no also then point five percent (0.5%) committed to the Open Space Fund because they love Kaua'i and wanted the County to be able to keep part of Kaua'i from development, and that is what Open Space does. It gives us our sanity. Three percent (3%) of just the real property tax revenue is really a small sum. If we can let our Fire Department spend six thousand dollars (\$6,000) on a stove—I love to cook, I am not rich, but I am not poor. But I would never dream of spending six thousand dollars (\$6,000) on a stove. So there is a lot of money in the County. There is one hundred (100) funded but unfilled positions every year. Council Chair Rapozo anticipates twenty million dollars (\$20,000,000) coming back in December, maybe twenty-six million dollars (\$26,000,000). Three percent (3%). The only reason Councilmember Yukimura's proposal even mentioned a dollar amount is to give people a perspective. Three percent (3%) of the real property tax revenue that is currently coming to the County, not its total revenue, but real property tax revenue, just property tax, people who pay for their real property, equates to approximately four million dollars (\$4,000,000) now. It is not that there four million dollars (\$4,000,000) that will be there every year, but there will be three percent (3%) of whatever it raises, whether taxes go up or down. It will be three percent (3%). It will be a consistent fund that allows for borrowing, increases the County's credit worthiness, and will attract developers to come back to the island because the County has a fund. It is actually kind of insane that the County has operated this long without a permanent housing fund. Thank you.

Council Chair Rapozo: Anyone else for the second time? Lonnie.

Mr. Sykos: For the record, Lonnie Sykos. I would agree that the County needs a housing fund, but it does not need do it through Charter

Amendment. A Charter Amendment is the wrong way to go. You do this through the budget. In regards to the observation that maybe future Administrations and future Councils will not budget money for housing, that is what elections are for. Vote you folks out and get new people in that do what we want. We, the public, understand the process of how to put something on the ballot as a Charter Amendment. We, the public, have done that successfully and unsuccessfully in the past. There is no mystery. We do not need the County Council to say, "The public needs to vote on a Charter Amendment that the public has not expressed an interest in creating." Where are the people who went out and got the petitions to put this in the Charter and on the ballot? That is my question. As a member of the public, I do not want either the Council or the Mayor deciding for me what I should do. That is, to me, is what trying to put this on the ballot as a Charter Amendment is. I do not think it is appropriate. If the public wanted this on the ballot, you would have been hearing from the public to make this Charter Amendment, and perhaps you will. Perhaps today's conversation will lead into the future to people wanting, expressing a desire to see this on the ballot. But until they do, I do not think it should be there. I also would say that for the public, this would have a lot more meaning if instead of using median income and percentages, you put dollar figures on it. I have no idea what the median income is on Kaua'i, but if we are talking about providing affordable housing for people making one hundred forty thousand dollars (\$140,000) a year instead of for people making forty thousand dollars (\$40,000) a year, that is a huge difference and the audience is completely different. "Woah" to the family making forty thousand dollars (\$40,000) a year that thinks their need is being addressed at a one hundred forty percent (140%) of median income, because I do not think it is. Again, I do not know what the median income dollar figure is, but I doubt it is anywhere near the poverty-level wages that most people work for. Time is up. In closing to Ms. Fu, she does a wonderful job. I have testified before this Council many times in the past that Larry Dill was my favorite employee because he was always prepared and did a great job. Larry is gone and I have a new favorite new employee. She is a very impressive person and could get employed anywhere in the world doing what she does here. We are lucky to have here. *Aloha*.

Council Chair Rapozo:

Thank you. Anyone else for a second time?

Mr. Crowe:

Hi, again. Greg Crowe. I just want to hopefully wrap up a little bit on a more positive note, that we all know that the affordable housing crisis. That is not big news to anyone. The question is, what can we do about it? Everyone has brought up great points, pro and con, for different ways to approach it. What I would like to request and I think the frustration that comes from the community of people that I talk to and why people said, "Oh, yes. Let us put a Charter Amendment through to force something to happen," because the frustration is that things keep getting worse and worse year after year. Everyone knows friends and family who have been forced to leave the island. Everyone knows someone living in a car, et cetera. We do not see the changes. I would just like to ask all of you to really put your collective minds and genius together, and come up with a solution. We all say that we want a solution to the housing problem, but let us come up with something. Going back to basics, if not has been proposed today, if not that, then what else? I would like to ask each one of you, what would your solution be to the affordable housing crisis here? I will echo what Councilmember Kawakami said, it

is a complex problem with many different interacting pieces. One solution, one piece of that is not going to be the solution. We have to have a comprehensive plan and strategy that will achieve the goals. I testified on this many times before on the General Plan going back to one of the basic principles we have to have to succeed, there has to be a specific goal, there has to be ways to measure the progress toward that, and there has to be adaptive management that if we are not reaching the goal, what do we need to change. Doing the same thing and expecting a different result is crazy. We know we cannot keep on doing what we have done in the past, and it is your unenviable job to try to come up with something that will move us toward the goal of making affordable housing more available to the people on Kaua'i. I thank you for your efforts and your attention to this, and God bless you all for trying. Thank you.

Council Chair Rapozo: Thank you. Anyone else for the second time?  
This is his second time.

Mr. Hart: For the record, Bruce Hart. I think that you have offered a solution, all of the Councilmembers except Councilmember Yukimura, who presented it. You said, "Do it in an ordinance." I agree with Lonnie Sykos, you do it so that each Council has the ability to be able to determine the current events or the current situation, as the Administration said. We are wandering off into and I understand the emotional—we are wandering off into the issue of we do not have enough affordable housing, but we are not talking about that. We are talking about this specific resolution to create a Charter Amendment for three percent (3%) to create a fund. Sticking to that specific issue is that you have offered a solution. You do not like that, I do not like it either, and you can do it each year in the budgetary process. That means that we have the people, through our representatives control over it each year, all the people that are living. A lot of people get up here and talk about democracy, but this nation is not a democracy. It is a constitutional republic. The framers of the Constitution understood all too well, the problem with just allowing just "people" to govern. They set it and this is what we have that we govern through our representatives, and you are the Council. You will make the decision. As Lonnie said, if we do not like it, we can just vote you out. I happen to like all of you.

Council Chair Rapozo: Anyone else who wanted to speak for the second time?

Ms. Muller: Janet Muller. I am sorry, I am a little emotional right now. I am not always this emotional. But do all of you Councilmembers not have people come up and talk to you about issues that go on here? I know when Councilmember Yukimura had a little talk with people, lots of people came. They wanted to be able to talk face-to-face with the Councilmembers and tell them how they felt about their life, the housing crisis, the suicide rates, the drug rates, and what we can do to help it. I think this is one very good way to help it, to have that where the money is already there and it is already set up. This is one way to help that sense of security that there are funds out there that the public does have some say so, that we can help with affordable housing and we also can deal with a crisis when it comes. There is so much red tape to get anything done just like your

open space, your open lands. It is wonderful to have something that you do not have to go through channels and huge waits for things to get done. Thank you.

Council Chair Rapozo: Thank you. Anyone else? If not, I will call the meeting back to order.

There being no further testimony, the meeting was called back to order, and proceeded as followed:

Council Chair Rapozo: Further discussion? Councilmember Chock.

Councilmember Chock: Thank you, Council Chair Rapozo. This has been a real squirrely issue over the last three (3) weeks since it was introduced, from getting support from the Administration to kind of questioning it today. I think what I have heard is very true, that there are many different ways to approach it and the needs are complex. We need to approach all of them. We need a plan to solve affordable housing on all of them. We definitely need some support in this arena for our Housing Agency to bring in some income on an annual basis, and that is why I do support the intent of this Charter Amendment. Through this exploration, I think that the discussion has really kind of come full circle to the different options. I think everyone, not only did everyone agree that we want to and need to do something in order to try and bring in some income in order to balance the need for affordable housing, the question is just about how. What is the right mechanism for this to occur? As you have heard, I do think that at least the goal here is to try to get as many "yeses" as possible. As it stands around this table, I do not think that this Charter Amendment is anywhere near getting to this goal, as we heard not only from the Administration, but from many members around this table. I would ask that the idea of an ordinance is something that I would support, and work towards. My idea of an ordinance would be that we do still put forth some of that consistency on an annual basis so that we have an amount that we want to aim for and that it is looked at on an annual basis. It gives us a little more flexibility and also gives the future Councils the ability to exercise their fiscal responsibility in their annual budget. As the Open Space Fund is already structured, we have a minimum set, but there is an Ordinance that also allows us to mitigate that. That is what we have done over the years. It was at one point five percent (1.5%) and it is now at point five percent (0.5%). I think that is sort of the direction that I would to see this go or continue to move. I would ask Councilmember Yukimura to consider that direction. That is where I am right now, Council Chair Rapozo.

Council Chair Rapozo: Thank you. Anyone else? Councilmember Kagawa.

Councilmember Kagawa: Back in 2012 when I first came onto the Council, the County, for the first time in years, was broke. What great luck, right? The TAT was capped by the State Legislature. We were losing thirteen million dollars (\$13,000,000) per year, the year I started. Our fifty million dollar (\$50,000,000) surplus that we had in years passed was gone. Prior Council Chair Jay Furfaro blamed the Charter Amendments of 2012, because it added a Department of Parks & Recreation, Department of Human Resources, and an Office

of Boards & Commissions. That is what he typically blamed for why the fifty million dollar (\$50,000,000) surplus was gone. The funny is that when he lost the election in 2014, he took the head position at the Office of Boards & Commissions. This Charter Amendment has the similar potential because no one knows where the money is coming from. I think if you ask the voters on the Charter Amendment, "With disclosing the amount that the Department of Parks & Recreation, Department of Human Resources, and the Office of Boards & Commissions, how much money has that cost the County, and should those Departments be canceled?" I think the Charter Amendment would probably say, "Yes," it has not brought what the voters thought it would have brought," better service to the County. Charter Amendments depends what you are looking at. It can have negative effects because a Charter Amendment does not disclose deliverables or measurables. What this Charter Amendment would read is, "Are you for more affordable housing or not in the tune of four million dollars (\$4,000,000)?" What local citizen on Kaua'i that cares about Kaua'i and its local people would vote "no?" Of course not. But it is not disclosing what it may cost. It may cost you more property taxes. It may cost you less services if we make cuts and do not do property tax increases. That is why Charter Amendments—this is not the right avenue. This is the Council's function. We do not know if we are going to be back here. We do not know who is going to be back here. When I came on in 2012, myself and Council Chair Rapozo were on the bottom of a 2:5 vote. There were no Charter Amendments proposed then. They could have passed it with their five (5) members. They passed Bill No. 2491. It is the worst Bill in the history of Kaua'i County. Like I said, it is funny how now when the majority has flipped, this political ploy has come up. Let us get it on a Charter Amendment instead of following the regular procedure of doing a money bill. I am looking forward to the money bill from the Administration. If I am satisfied with the source of the four million dollars (\$4,000,000) in the money bill, I will support it. But if I am not and it puts the next Mayor who is coming in, newly elected, and the next Council that comes on board in a deficit of four million dollars (\$4,000,000) before they even start their jobs, I would say that is unfair. Yes, housing is important. But if I had to rank it, I would say public safety is more important. If we do not keep the island safe, what is the sense of getting a house? I, too, like Bruce and Lonnie, I think we need to move into affordable rentals. I have seen the housing program do a lot of good things, yes. But a lot of it has been taken advantage of. You have places like Hale Nani where they could buy it for one hundred twenty-five thousand dollars (\$125,000), and once their term ran out in five (5) years or whatever, they sold it for two hundred twenty-five thousand dollars (\$225,000). Then, they had the down payment to buy Puako or where have you. Once they sold it, it went back into the regular market price. Those at two hundred twenty-five thousand dollars (\$225,000) or whatever, they are not selling at three hundred thousand dollars (\$300,000). I think if we stick to affordable rental, we can keep it in perpetuity at the affordable rate, and that is the problem. A lot of the successes that we had in the past have been sold to the market. I think we have to reevaluate the whole thing. Like I said, I think with taxpayer money, it is important to be fair, not only help a selected few like a lottery. If you want to play the lottery, go to Las Vegas. There are a lot of chances for playing the lottery. This is not Las Vegas. This is the Kaua'i County and we are struggling financially. Thank you, Council Chair Rapozo.

Council Chair Rapozo:  
Brun.

Thank you. Anyone else? Councilmember

Councilmember Brun: Thank you, Council Chair Rapozo. We have a legislative process in place to fund housing budget money during the fiscal year. We can always come back here for money bills should we find some kind of housing that we can do. After listening to all what was said and what we went through, I just do not think this is the proper avenue to go right now. The Administration can go after State and Federal, and we heard it today; Federal fund and bonds, that we did for Kaniko'o Elderly Housing (Rice Camp) and also to buy land for Lima Ola Workforce Housing. There are a lot of things that we can go after and just to tie everyone's hands right now with this four million dollars (\$4,000,000) and trying to find the four million dollars (\$4,000,000). We heard a lot today about how great of a job our Housing Agency is doing and how Kanani has total confidence she can do it. Come December 1<sup>st</sup>, she does not have a job. Who knows if she is going to be the Housing Director? Who knows where the new Administration is going to go? We are going to have a new Mayor. We are going to have a whole new Administration. Maybe their priorities are different as of December 1<sup>st</sup>. No one knows where we are going. I support affordable housing. I never turned it down. We are trying. I was going support this as of yesterday and today. But just in listening to all of the arguments and to our Administration, we do not have a plan right now. We do not know where this money is coming from right now. Yes, we said we can raise the taxes, but the two (2) introducers, I did not heard it come out of their mouth that this is the reason that they introduced the tax on TVRs, for the four million dollars (\$4,000,000) to do this Charter Amendment. It did not come from them. It came from different places, but it did not come from them. Maybe that was not their intent. Maybe they see that we do need money later on, so that is what this money is going to help with. I did not hear it out of them, that this is what they are going to do. I would like to see a study done by the Administration to see where they are going to get this money from, how we are going to get it, and how we are going deal with it every year. But at this time, I have trouble supporting this Charter Amendment. I would support an amendment to put the four million dollars (\$4,000,000) into housing if we can use it if we have a project coming up that we can use it for. But as of right now, I am struggling with this one and I will not be able to support this today. We will see where the votes lie when we do it. I have to bring up another thing. I do not know if suicide is—yes, my brother is suicidal and it was not because of affordable housing, I can promise you that. There are a lot of things. We always try to tie things in, and I just kind of took some offense to that. Yes, my brother is suicidal, but it was not because of affordable housing. He had a place to live. Thank you.

Council Chair Rapozo:

Councilmember Kawakami.

Councilmember Kawakami: Thank you, Council Chair Rapozo. We had robust discussion. I think I made it very clear that this is a complex issue. I do not think that—it is well-intended, but it is bad policy. We are elected to make decisions, budgetary decisions, because it is complex. The former Housing Director admitted today, that he looked at this budget and this item through the lens of the Housing Director. He does not see the whole big-picture in its totality and what we deal with in the complexities of trying to balance things that we just cannot forecast; collective

bargaining, floods, and natural disasters. Housing is one very big and important component. I think we displayed today that there are other ways to get housing. Lima Ola Workforce Housing is a great project. That is a case where we can see how things work out. The current Housing Director has shown her capability to leverage funds and get moneys and to get projects moving even if there is no money available. I do support adding in money the way that we did, and we went through the budget process. At the end, we saw where we were short and we had to make some very tough decisions, but we made some tough decisions and we raised revenue. I would only ask that should this Council choose to move forward with an ordinance, that we also do the fiscally responsible thing and take a look and see what our CAFR reveals before we jump the gun because whether or not this Charter Amendment passes, it would still have to get on the ballot. So, it still requires some time before the money even ends up into that fund. We should not rush these things because we could be four million dollars (\$4,000,000) today and it is going to sit there until we have a project that is available to be spent on. That, in and of itself, is a process. I would say that I would like to see an ordinance. I do think that is the proper procedure. That is what we are elected to do. It is complex. It is one of those things where I am sure that the public, they are going to be well-educated on this, and if it were to get on the ballot, it would be a lot of money spent to go over the pros and cons to make sure that the people are well aware of the unintended consequences. But in my opinion, this is not the right way to go about it. In fact, it sets a dangerous precedence. That being said, Council Chair Rapozo, I cannot support this if good faith knowing all that I know about the unintended consequences and knowing that there are other options. There are many more mechanisms that has to fall in place for affordable housing. Thank you.

Council Chair Rapozo:

Thank you. Councilmember Kaneshiro.

Councilmember Kaneshiro: I will not be supporting this. As the Budget & Finance Committee Chair, I think you hear a proposal and it sounds simple, just allocate three percent (3%) of the budget over four million dollars (\$4,000,000) to affordable housing and let the people decide. It sounds simple enough. But again, that is only one side of the story. That is only what we want to do with the money. Where is the money going to come from? I think, as leaders and elected officials, that is our job and responsibility to make the right decisions for this island. That is why we are elected. That is why we are here. It is our responsibility to understand the ramifications of a decision like this. You look at the financial ramifications, again, where is this money going to come from? We can say it is going to come from the increase of this past budget, but next year's budget is going to be a whole different ballgame. We are going to have increases or we might have lower real property tax. We have no clue what it is. You cannot say, "Oh, this amount is going to be there forever." We also have other responsibilities. We took out five million dollars (\$5,000,000) from our reserve for emergency funds to pay for the storm. We have to pay that back. We cannot just take the five million dollars (\$5,000,000) and then never put the money back in. What if we get another emergency again? We took money from the Open Space Fund. We need to put money back in for that. Why should we tie our hands with a proposal like this? We need to look at our priorities. Also, why let the public decide? We had numerous budget meetings and we did not have any public in here at any of the meetings. I do not think we had. They were

here to understand the budget ramifications. We sit here, this is our fourth year of budget, and I have never seen any Council cut four million dollars (\$4,000,000) in cuts any year. I never saw us get even close to that. So to say that four million dollars (\$4,000,000) is a little bit of money, it is not. I do not think we ever got over one million dollars (\$1,000,000) on the budget here. We have to be realistic on this. As a leader, we need to be responsible to let the public know what the ramifications are. We need to not mislead the public and say, "No, this is just a great thing and we need to pass it." We have to tell both sides. We cannot give them false hope and just say, "If you do not vote for this, then you are not for affordable housing." That could not be further from the truth. Kanani is coming with many affordable housing projects and we have all been in support of the projects. Again, we have to look at how this goes. As far as where we get this money from and how we fund affordable housing, I think we said it already. The budget is the process to put money in there. If the Administration thinks that housing is such an important need, then they should allocate the money there at the time of the budget. If it is not in there, then it is the Council's responsibility to find cuts or like we just did in this budget, increase taxes. We put two million seven hundred thousand dollars (\$2,700,000) into housing this year. Two million seven hundred thousand dollars (\$2,700,000). Again, we have the budget opportunity and we have when our certified CAFR is done. We know what our lapse is. For me, I would not want the ordinance to come in next month or any time now. I want to know how much money we have in hand. When the CAFR is certified, how much money did we lapse? I think in the past, we have never had a reserve policy. We have never known how much money we should have in our reserves, and we finally have that. We can say that if we are able to fulfill our reserve commitments, what is that extra money now and how do we want to spend it? That is the opportunity for us to say, "This is important to us. Housing is important to us. Let us put some money towards housing. Repaying our reserve emergency fund is important to us. Let us repay that." That is the opportunity for us to do that. It is not "let the people decide and we will find the four million dollars (\$4,000,000) later on." I think that is very irresponsible. It is not good financial policy. Again, I think we are here to take the tough decisions. I do not think anyone wants to go on record and say, "I did not vote for this, so now go to the public and say, 'I do not support affordable housing.'" That cannot be further from the truth. I think we are here to make the tough decisions, and that is why we are elected. That is what we have to do. We have to be cognizant of the unintended consequences. Again, this Bill may sound great. I have seen newspaper articles, radio advertisements, and this and that. But again, let it stand on its merit. What is the proper way and what is the proper process to get money to affordable housing? I think we have mentioned all of them. I do not think this is the way to do it.

Council Chair Rapozo:

Councilmember Yukimura.

Councilmember Yukimura: Councilmember Kaneshiro says that a budget is our job and providing affordable housing is our job. Well, we are not doing our job because we have this crisis and the bottom-line is whether or not we are putting people into our houses. If we are not doing it, Councilmember Kawakami says there are other ways of getting there. Well, no one has really developed a plan or a proposal for getting there. With all due respect to the Housing Agency and the great job that Kanani does, I have not seen a plan from them either, in terms of how we are actually



going to produce the number of homes we need to produce to supply the need that is out there. I do not think we understand the entrepreneurial nature of developing housing. It is not just fund if you have the money, or if there is a project. It is like having to go out and seek land and housing, figuring out what we are going to do with Courtyards at Waipouli next year when forty-one (41) families are going to be essentially evicted because the affordability provision expired. Then, we are going to be backwards, not mentioning not going forward and adding. What is the plan? The plan could have been that we have this commitment. You say that we can do it from a budget, well, the pressures that take away from the top priority are so clear in the budget. Look, collective bargaining. We have the power to say "yay" or "nay." Did this is Council say "no" to police and fire pay raises where the annual compensation for beginning police and fire is eight thousand dollars (\$80,000), and we are going to add more raises to that instead of putting aside four million dollars (\$4,000,000) for affordable housing? Even the Philippine Cultural Center, which is a good thing, but our Budget & Finance Committee Chair himself has said that we have to address needs before we address wants. What could be a greater need than affordable housing? Do you know what? If we had to put aside four million dollars (\$4,000,000) for affordable housing, then maybe we would relook the one million dollars (\$1,000,000) that we are giving to the golf course because that is not a need. There are ways to actually make more money at the golf course without really hurting anyone. But no, we would rather do these kinds of things instead of fund affordable housing. Well, the only way to prevent that is to do it like you would do a household budget and be fiscally responsible and put aside moneys in the beginning at the front before you start allocating anything else for what should be a top priority. When Kumiko came to talk to me and some of you, I think, it is like, what can we do? How can we let this happen with a mother to two (2) teenage kids not have a home? I remember Council Chair Rapozo when he spoke so passionately about his friend who was losing his home and was even thinking about getting a tent because maybe he would have to live in a park. I remember the relief. Just on Sunday when I heard Kumiko had a place, the relief and joy that one of these homeless people could now have a home. That is what we are talking about. We have to really make it a top priority and by refusing to do this and let it go with the vagaries of the budget system, which has not solved the problem, then it is not a top priority. We do have to put our money where our mouth is, and I do not see us doing that.

Council Chair Rapozo:

Councilmember Kaneshiro.

Councilmember Kaneshiro: Us not doing our job, we are not doing our job. I think we just came off telling Kanani what a great job she has done. If you look at these past projects: Kolopua, forty-four (44) units; Kaniko'o Elderly Housing (Rice Camp) Phase I, sixty (60) units; Kaniko'o Elderly Housing (Rice Camp) Phase II, thirty (30) units; 'Ele'ele Iluna A and B Affordable Housing, twenty-four (24) and fifty-nine (59) units; Koa'e Makana, one hundred thirty-four (134) units; and Lima Ola Workforce Housing Development, one hundred forty-nine (149) units with a potential for five hundred (500) units. I do not think it is fair for you to say that the County is not doing their job. The County is. Are we going to resolve the entire island's affordable housing issue by just taxing everyone? I do not think so. I do not think that is what our job is for. Again, we need to be sound in the amount of money we have. We have limited amount of resources and we need to spend it wisely. Again,

the prudent way to spend money is to spend it when you have it in-hand. That is during the budget process and during the certified CAFR.

Council Chair Rapozo: Go ahead, Councilmember Yukimura, and then Councilmember Kawakami.

Councilmember Yukimura: So, all of that litany of housing projects and this year, we need one thousand four hundred (1,400) units. That is what our housing study showed. We need one thousand four hundred (1,400) units right now and we need another seven thousand (7,000). Our rate of doing housing up to now for twenty (20) years, is not going to cut it. We have to do it in a more focused and accelerated process. How are we going to do that?

Council Chair Rapozo: Councilmember Kawakami.

Councilmember Kawakami: Council Chair Rapozo, I think it is in order that we call the spade a spade. It feels like we are being blamed for the situation that we put in. Most of us around this table, we came into this to fix problems that we had inherited. All I can say is that to put the blame on this body for where we are at today is—take a look at the years of service that some of us have been here and we are still dealing with it. We are trying to fix things. When we have projects like Lima Ola Workforce Housing Development, an affordable housing project that the west side needs and deserves for those families that want to be next to their parents, grandparents, and have their kids being watched over by family members to keep families together to get pushed back on a good project, I do not know how, in good conscience, you could look at us and point the finger. It is unbecoming. We are all here to come up with a solution and it should get personal. One (1) in eight (8) homes on Kauaʻi is a Transient Vacation Rental. That is why I wanted to up the rate two dollars (\$2). But then to say that I am concerned about the impacts on Transient Vacation Rentals, one (1) in eight (8) homes on Kauaʻi is a Transient Vacation Rental, do you not think there is any impact on the inventory of affordable housing with just that statistic? Today has been a great process as far as the deliberation. But to frame this vote in the way that it has been with all of the discussion that has happened, it is clear that certain things just were not heard today. With that being said, I am where I am with the issue. I think we have a great track record as far as supporting affordable housing projects recently. Even in the General Plan. You say that there is no plan. There is a plan. The General Plan starts with it. When you take a look at some of the measures that were introduced around this table, an Additional Rental Unit (ARU) bill that is going to increase the inventory of rental units that we spoke of that we need. That is part of the plan. Moving forward, there are other ways that we need to leverage what we have. At the State level, we have tried to inventory State properties and County properties, and currently, we are taking a look at open space and some of the parks that we may not even be able to maintain because we have too many parks to see if it is utilized better as affordable housing. Right behind the theater, Kukui Grove Theater, is a County parcel that we have identified as being a transit-oriented development. The facts are the facts and discussion today was clear that some of us are unclear as to what the actual process is, what State resources are, and what the whole process is at many different levels. Thank you, Council Chair Rapozo.

Council Chair Rapozo:

Councilmember Kagawa

Councilmember Kagawa: I just have to mention, which I mentioned earlier, that a married couple making eighty thousand dollars (\$80,000) per year, and Councilmember Yukimura, you are asking how we solve the problem. When this County only gets one point six percent (1.6%) of taxes out of the eighty thousand dollars (\$80,000), the Federal government gets twenty-five percent (25%) out of the eighty thousand dollars (\$80,000), and the State government gets eighteen percent (18%) of the eighty thousand dollars (\$80,000). Do you think the County with one point six percent (1.6%) of their income is going to fix all of these affordable housing issues? We do not have the tax base. We are going to need *kōkua* from the Federal and State governments. I will tell you that when we go to the National Association of Counties (NACo) and we talk to our Congressional Delegation, they keep up with our issues. They read The Garden Island newspaper, they watch some of our meetings, and they laugh. "Wow, you folks are getting gas over this issue." They are over there scot-free. They are worrying about wars and whatnot. They represent our constituents well. They need to step up to the plate. They have all of the tax revenue, the Federal and State governments. If we want to solve this problem, that is your answer. We need more help from the Federal and State governments.

Council Chair Rapozo: Anyone else? I share some frustration about how this whole process went down. I heard apparently what happened was the community came to Councilmember Yukimura and asked her to do this. Scott, can you put up the two (2) slides that I just want to show? We listened to the whole point. I really get offended when I feel like I have been accused of not supporting affordable housing, like we are not doing enough. Number one, we are the legislative body. We are not the Executive Branch. It is not us that goes out and digs the grounds and builds the homes. We do the funding. I am even more comfortable now hearing from Kanani that they are on-track and are doing things. When they come across a project, they come to us and we fund it. That is our job. For those of you who are so adamant about this needs to be in the Charter, this is the definitions that I could find regarding the Charter. "A document defining the formal organization of a corporate body; a Charter is a formal document describing the rights, aims, or principles of an organization, discusses the principles of an organization; a document outlining the principles, functions, and organization of a corporate body, a constitution; and a document issued by sovereign or State outlining the conditions under which a corporation, colony, city, or other corporate body is organized and defining the rights and privileges." That is what the Charter does. The Charter does not do budgets. I am not done. The Charter does not do budgets. The Charter sets up the organizational structure of the entity. In 2002, yes, open space—none of us here were on that. I would not have supported that. But I was not here. No one was here. There are three (3) Councilmembers running for Mayor and there is one (1) Councilmember running for State Senate one (1) month before their Primary Election at that time. Is it a coincidence or is it a political strategy? The members that I know that was on that Council knows better than to put this type of issue in the Charter, but they did it. Again, that is none of us here. But that is the definition of a "Charter." Let us look at our Charter, "Limitations to Powers. The initiative power and the referendum power," now remember, this came from the community to Councilmember Yukimura, "shall not extend to any part or all of the operating budget

or capital budget; any financial matter relating to public works; any ordinance authorizing or repealing the levy of taxes; any emergency legislation; any ordinance making or repealing any appropriation of money or fixing the salaries of county employees or officers; any ordinance authorizing the appointment of employees; any ordinance authorizing the issuance of bonds; or any matter covered under collective bargaining contracts.” We learned with the two percent (2%) cap, the ‘*ohana* tax amendment, that you cannot do that. The community goes to a Councilmember and to circumvent that, we do this, and then we promote it. We promote it on the radio using campaign funds. Is this political? Absolutely. Now, the question I have is that prohibits the “people” who ultimately have the decision in the Charter Amendment, an initiative referendum, from making any decision on budgetary financial matters. Why? To protect this County. To protect the County from going bankrupt because the people could vote on a measure that basically eliminates any tax, it could change the salary of Councilmembers to zero dollars (\$0), and it could change the salary of the Mayor to zero dollars (\$0). The power of the people. This is in there to protect the County from that. Now this Section is specific to initiative and referendum, but are we not trying to do the same thing? We are trying to get this decision in the hands of the people that could ultimately cost this County million and millions of dollars. I do not like the process, but that is the choice and direction that Councilmember Yukimura had chosen. In this slide presentation that she had, I have to agree with ninety-five percent (95%) of it. I do not like the definition of “affordable housing” in there at one hundred forty percent (140%) and I do not like the reference to the Charter, but everything else in there is real. Again, I heard from Kanani and Wally, and I would agree with sentiments of other Councilmembers that the ordinance—we should wait until we get the certified CAFR, the financial records from the Administration, which I think most of us will be gone by then. But hopefully, the next Council will pick that up and when we have the available money, I would highly encourage the ones that are remaining to please fund the affordable housing account. Thank you. My time is up. The motion is to approve. Roll call.

The motion for adoption of Resolution No. 2018-23 was then put, and failed by the following vote:

FOR ADOPTION:	Yukimura	TOTAL – 1,
AGAINST ADOPTION:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Rapozo	TOTAL – 6,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Motion fails.

Council Chair Rapozo: Next item, please.

#### BILLS FOR FIRST READING:

Proposed Draft Bill (No. 2714) – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2018-841, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2018 THROUGH JUNE 30, 2019, BY REVISING THE AMOUNTS

ESTIMATED IN THE G.E. TAX FUND (*Increased Weekend Bus Service - \$475,000.00*): Councilmember Kagawa moved for passage of Proposed Draft Bill (No. 2714) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 8, 2018, and referred to the Budget & Finance Committee, seconded by Councilmember Yukimura.

Council Chair Rapozo: Is there any discussion? We have had the discussion earlier today. I do not want to repeat the discussion.

Councilmember Yukimura: I want to say something.

Councilmember Kaneshiro: I was going to actually make a motion to receive, because we have been through this before and I have heard what all of the other Members have said. I do not think we should go through posting, public hearing, Committee Meeting, and full Council on an item we have vetted many times.

Council Chair Rapozo: I agree. Councilmember Yukimura.

Councilmember Yukimura: I understand, and people can vote as they wish. They can vote it down, because there is a motion pending on the floor. But I would like to say a few words.

Council Chair Rapozo: Go ahead. Is there any other discussion while Councilmember Yukimura is getting her notes? Go ahead.

Councilmember Yukimura: I want to say that the four hundred seventy-five thousand dollars (\$475,000) is a number that was given to me by the Transportation Agency when I asked how much it would take to expand weekend holiday service to weekday levels, separate from run-cutting. I did that because we have twelve million five hundred thousand dollars (\$12,500,000) in GET moneys. Those moneys are meant to be used for transit and fixing our roads. I believed that we could do both at the same time. We could do the run-cutting as well as add weekend service, because the run-cutting would be an analysis of the weekday service, and whatever run recommendations would be made could then apply to the weekend service. I believe it could be done together. However, it is clear that the Administration has chosen to do otherwise. I think the Mayor could have said, "We can do both. Let us do both," because the need is so urgent and the need is so great. But the Administration has chosen not to do that. As a check on the Mayor, this body could choose to say, "This is a really important thing and we want the Mayor to do it," and we are showing that by putting the money in an asking him to do it because he could have said, "Yes, take the money." He could have said to Celia, "Let us take the money. Let us really accelerate and make sure our process works, and let us get weekend service to become the same as weekday service as of January 1<sup>st</sup>." But he choose not to do that. We could choose to say that, but I am hearing that we are choosing not to. But I think that if we are really hearing what the need is, and I have seen all of you respond to need and really understand what the need is, I think we could take the initiative and the leadership and say that this is what we want done by passing this Bill.

Council Chair Rapozo: Anyone else? Go ahead.

Councilmember Kagawa: I think, again, for something to work, the Administration needs to be the one pushing it. We are pushing something new, it should come from them, and that way, they will want to do it. When it comes from us, it is micromanaging. I do not see that confidence in expanding in Celia's voice at this moment. I would prefer to push forward with weekend service when Celia is confident in saying that she can efficiently add the weekend service and that corrective actions have been made to address inefficiencies. Thank you, Council Chair Rapozo.

Council Chair Rapozo: Anyone else? Councilmember Yukimura.

Councilmember Yukimura: I do want to say that I do acknowledge and understand that when the Administration is not taking the initiative, I can see the Council's deference to that. I understand that. I guess I just have to express in my vote, the urgency and the acknowledgment of what I am hearing from the bus riders and the businesses, who really need the service.

Council Chair Rapozo: Anyone else? If not the motion is to approve, roll call.

The motion for adoption of Proposed Draft Bill (No. 2714) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 8, 2018, and referred to the Budget & Finance Committee was then put, and failed by the following vote:

FOR ADOPTION:	Yukimura	TOTAL – 1,
AGAINST ADOPTION:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Rapozo	TOTAL – 6,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Motion fails.

Council Chair Rapozo: Next item.

Councilmember Kagawa: Can I make a motion to receive?

Council Chair Rapozo: Go ahead.

Councilmember Kagawa moved to receive Bill No. 2714 for the record, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: With that, roll call. The motion is to receive.

The motion to receive Bill No. 2714 for the record was then put, and carried by following vote:

FOR ADOPTION:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Yukimura, Rapozo	TOTAL – 7*,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(\*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Yukimura was noted as silent, but shall be recorded as an affirmative for the motion).*

Ms. Fountain-Tanigawa: Motion passes.

Council Chair Rapozo: Thank you. Next item, please.

Proposed Draft Bill (No. 2715) – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2018-842, AS AMENDED, RELATING TO THE CAPITAL BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAII, FOR THE FISCAL YEAR JULY 1, 2018 THROUGH JUNE 30, 2019, BY REVISING THE AMOUNTS ESTIMATED IN THE BOND FUND AND HIGHWAY FUND-CIP (*Salt Pond Wastewater Improvements and Hanapepe Moi Road Pedestrian Safety Improvement Projects - \$765,000.00*): Councilmember Yukimura moved for passage of Proposed Draft Bill (No. 2715) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 8, 2018, and referred to the Budget & Finance Committee, seconded by Councilmember Brun.

Council Chair Rapozo: Thank you. Is there any discussion or public testimony?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

Council Chair Rapozo: Seeing none, roll call.

The motion for adoption of Proposed Draft Bill (No. 2715) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 8, 2018, and referred to the Budget & Finance Committee was then put, and carried by the following vote:

FOR ADOPTION:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Yukimura, Rapozo	TOTAL – 7,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Seven (7) ayes.

Council Chair Rapozo: Next item, please.

Proposed Draft Bill (No. 2716) – A BILL FOR AN ORDINANCE TO AMEND SECTION 5A-6.4(C) AND SECTION 5A-11A.1 OF THE KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX (*Licensed Day Care Provider Homestead Tax Classification*): Councilmember Yukimura moved for passage of Proposed Draft Bill (No. 2716) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 8, 2018, and referred to the Budget & Finance Committee, seconded by Councilmember Brun.

Council Chair Rapozo: Thank you. Is there any discussion or public testimony?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

Council Chair Rapozo: Councilmember Kagawa.

Councilmember Kagawa: When staff invites Mr. Robinson from the State, can they tell him what we want to hear from him instead of just asking for his presence and not disclose what we want. The information that I want is status on Kaua'i's licensed daycare providers. What the status is of that, any problems that he hears about taxes and County property taxes, and how the County can best help our licensed care providers to succeed and flourish. Thank you.

*(Councilmember Kagawa was noted as not present.)*

Council Chair Rapozo: Thank you. Is there any other discussion? Seeing none, the motion is to approve. Roll call.

The motion for adoption of Proposed Draft Bill (No. 2715) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for August 8, 2018, and referred to the Budget & Finance Committee was then put, and carried by the following vote:

FOR ADOPTION:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Yukimura, Rapozo	TOTAL – 7*,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(\*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kagawa was noted as silent (not present), but shall be recorded as an affirmative for the motion).*

Ms. Fountain-Tanigawa: Seven (7) ayes.

Council Chair Rapozo: Next item, please.



BILLS FOR SECOND READING:

Bill No. 2613 – A BILL FOR AN ORDINANCE TO AMEND CHAPTER 13 OF THE KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO THE ELECTRICAL CODE: Councilmember Kaneshiro moved to receive Bill No. 2613 for the record, seconded by Councilmember Brun.

*(Councilmember Kagawa was noted as present.)*

Council Chair Rapozo: Is there any discussion or public testimony?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

Council Chair Rapozo: Seeing none, roll call.

The motion to receive Bill No. 2613 for the record was then put, and carried by the following vote:

FOR APPROVAL:	Brun, Chock, Kagawa, Kaneshiro,	
	Kawakami, Yukimura, Rapozo	TOTAL – 7,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Fountain-Tanigawa: Seven (7) ayes for receipt.

Council Chair Rapozo: And the last item.

Bill No. 2712 – A BILL FOR AN ORDINANCE TO AMEND SECTION 5A-9.1 OF THE KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX: Councilmember Brun moved to approve Bill No. 2712, on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Councilmember Kaneshiro.

Council Chair Rapozo: there any discussion or public testimony?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

Council Chair Rapozo: Seeing none, roll call.

The motion to approve Bill No. 2712, on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

FOR APPROVAL:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Yukimura, Rapozo	TOTAL – 7,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

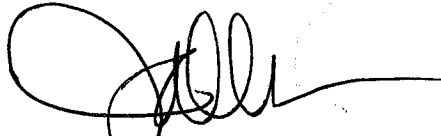
Ms. Fountain-Tanigawa: Seven (7) ayes.

Council Chair Rapozo: Okay. That concludes today's business.  
Without any objections, this meeting is adjourned.

ADJOURNMENT.

There being no further business, the Council Meeting adjourned at 5:16 p.m.

Respectfully submitted,



JADE K. FOUNTAIN-TANIGAWA  
County Clerk

:ct